COURT FILE NUMBER	2303 – 06543
COURT	COURT OF KING'S BENCH OF ALBERTA
JUDICIAL CENTRE	EDMONTON
	IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, as amended
	AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF J.W. CARR HOLDINGS LTD., SPRUCE GROVE INDUSTRIAL PARK INC., 272649 ALBERTA LTD., 279896 ALBERTA LTD., GRANDE PRAIRIE PLACE ENTERPRISES (1996) INC., 1170292 ALBERTA LTD. and 627612 ALBERTA LTD.
APPLICANTS	J.W. CARR HOLDINGS LTD., SPRUCE GROVE INDUSTRIAL PARK INC., 272649 ALBERTA LTD., 279896 ALBERTA LTD., GRANDE PRAIRIE PLACE ENTERPRISES (1996) INC., 1170292 ALBERTA LTD. and 627612 ALBERTA LTD.
DOCUMENT	**CONFIDENTIAL AFFIDAVIT**
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MLT Aikins LLP Suite 2200, 10235 – 101 St Edmonton, AB T5J 3G1 **Attention: Jeffrey M. Lee, K.C. / Mandi Deren-Dubé** Phone: (780) 969-3518 Fax: (780) 969-3549 File: 0159371.1

JUDICIAL CENTRE OF EDMONTON
FILED DIGITALLY
2303 06543
Feb 22, 2024
2:10 PM
CLERK OF THE COURT

CONFIDENTIAL AFFIDAVIT OF MARJORIE CARR

Sworn on April 18, 2023

I, Marjorie Carr, of Sherwood Park, Alberta, SWEAR AND SAY THAT:

1. I am the sole director of the Applicants, J.W. Carr Holdings Ltd., Spruce Grove Industrial Park Inc., 272649 Alberta Ltd., 279896 Alberta Ltd., Grande Prairie Place Enterprises (1996) Inc., 1170292 Alberta Ltd. and 627612 Alberta Ltd. (collectively, the "**Applicant Corporations**"), and as such I have personal knowledge of the matters herein deposed to, except where stated to be sworn based on information and belief, in which case I verily believe those matters to be true.

2. This Affidavit is supplemental to the Affidavit I swore on April 10, 2023 (the "**1st Carr Affidavit**") and to the Affidavit I swore on April 18, 2023 in conjunction with this Affidavit (the "**2nd Carr Affidavit**"), and should be read in conjunction with those Affidavits. I adopt and rely on all evidence contained in the 1st Carr Affidavit and the 2nd Carr Affidavit other than as expressly varied herein.

3. I am swearing this Affidavit in support of an application by the Applicant Corporations for relief and an Initial Order under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**"), and in support of a second application by the Applicant Corporations, seeking, among other things, an Amended and Restated CCAA Initial Order, a Sales and Investment Solicitation Process ("**SISP**") Order, and court approval of the ongoing sale of certain real property in the ordinary course of business (the "**Second Application**").

4. As further particularized in Part II of the 1st Carr Affidavit, I understand that Roynat is objecting to the Carr Group's Application for an Initial Order in part due to the fact there is no independent evidence of the value of the Clariant building before the Court. Attached hereto as **Exhibit "A"** to this my Affidavit is a true copy of an appraisal of the Clarient Building dated August 12, 2019.

5. I swear this Affidavit in support of the Applicants' application for an initial CCAA Order, the Second Application (as defined in the 1st Affidavit of Marj Carr), and for no improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the City of Edmonton, in the Province of Alberta, this 18th day of April, 2023.	)))))	M Carr
A Commissioner for Oaths in and for the Province of Alberta	)	Marjorie Carr

CARLY TORONCHUK
Barrister & Solicitor

32294959v1

This is Confidential **Exhibit "A"** to the
Confidential Affidavit of Marjorie Carr
sworn before me this 18th day of April, 2023

____
A Commissioner for Oaths in and
for the Province of Alberta

CARLY TORONCHUK
Barrister & Solicitor

PLANT & ASSOCIATES
APPRAISAL SERVICES INC.

Grande Prairie, AB **Peace River, AB** **Fort St. John, BC** **Dawson Creek, BC**

9924 – 108th Avenue
Grande Prairie, AB
T8V 1N8

Phone (780) 539-0037
Toll Fee : 1 877 539 - 0037
plantgp@telus.net

Appraisal by Barry Plant, AACI, P.APP., RI(BC) of a +/- 1.53 Acre, IG, General Industrial District zoned property located at 9602 – 118th Street, City of Grande Prairie, Alberta, improved with a +/- 10,290 Sq. Ft. Multi-Tenant Industrial Shop and Office Building with an additional +/- 3,180 Sq. Ft. of office mezzanine space *based on the hypothetical condition that the planned interior improvements had been completed as per the plans and specifications provided as of the inspection date of August 12th, 2019.*

August 23rd, 2019

272649 Alberta Ltd.
2400, 10303 Jasper Avenue
Edmonton, Alberta
T5J 3N6

Attention: ***Shane Mudryk***

Re: Centre West Industrial Shop & Office Property
9602 – 118th Street, Centre West Business Park, City of Grande Prairie, Alberta
Lot 3, Block 7, Plan 152-3374, Northeast Section 21, Township 71, Range 6, W6M

The purpose of this report is to provide an opinion of the Current Market Value of the real property noted above for first mortgage financing purposes ***based on the hypothetical condition that the planned interior improvements had been completed as per the plans and specifications provided as of the inspection date of August 12th, 2019.***

The subject property is a +/- 1.53 acre IG, General Industrial District zoned lot that is improved with a +/- 10,290 Sq. Ft. industrial shop and office building designed to be occupied by 2 tenants. The north bay has a pending lease to Clariant (Canada) Inc. subject to completion of the interior buildout which is to include a +/- 1,660 Sq. Ft. office front, +/- 3,440 Sq. Ft. of shop and lab space and a +/- 1,590 Sq. Ft. office finished mezzanine. The south bay is available for lease and is valued based on a similar finished +/- 1,660 Sq. Ft. office front with a +/- 1,590 Sq. Ft. office mezzanine over and a +/- 3,440 Sq. Ft. shop area. The property has an asphalt front parking lot, concrete sidewalks and curbing, concrete aprons, yard gravelling and chain link fencing.

Market Value has been defined as: "the most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus" [1].

The estimate of value in this report is based on an exposure time of 3 to 9 months and in conjunction with the assumptions and limiting conditions stated within this report. The property rights appraised are those of a fee simple estate. We have investigated the title, but we have not investigated any of the charges or registrations against, the property appraised.

1 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada, Ottawa. January 2018. P. 73.

Based on our analysis, the current market value of the subject property as of August 12th, 2019 is estimated to be:

Three Million Seven Hundred Twenty Five Thousand ($3,725,000.00) Dollars

(Subject to the Hypothetical Condition that the Interior Improvements were completed as per Plans and Specifications as of the Inspection Date of August 12th, 2019)

Respectfully submitted,

MR. BARRY C. PLANT AACI, P.APP., RI (BC).

Barry Plant is a Licensed Appraiser in Alberta
Barry Plant is re-certified with the Appraisal Institute of Canada
Barry Plant personally viewed this property

Appraisal Institute of Canada

View of the Subject Property from the Northeast

View of the Subject Property from the Southwest

View of the Subject Property Interior from the Southwest

View of the Subject Property Interior from the Northwest

View of the Subject Property Interior from the Southeast

View of the Subject Property Interior from the Northeast

View of the Plumbing Rough Ins

View of the Yard Area

TABLE OF CONTENTS

Addenda

1. Executive Summary

Property Identification	
Location	Centre West Business Park, City of Grande Prairie, Alberta
Civic Address	9602 – 118th Street, City of Grande Prairie, Alberta
Legal Description	Lot 3, Block 7, Plan 152-3374, Northeast Section 21, Township 71, Range 6, W6M
Purpose of the Report	First Mortgage Financing
Report Prepared For:	Shane Mudryk on behalf of 272649 Alberta Ltd.
Registered Owner(s)	272649 Alberta Ltd.
Land Use – Controls	
Zoning	IG, General Industrial District
Roll Number	894090
2019 Assessment	$1,721,400.00
Estimated Taxes	$34,271.02 (Estimated Using the City of Grande Prairie eServices Tax Estimator)
Present Use	Industrial Shop and Office
Highest and Best Use	As Vacant: Conforming Industrial As Improved: Office and Shop
Property Features	
Property Size	+/- 1.53 Acres
Building Size	Clariant Shop: +/- 2,585 Sq. Ft. 25.12% Clariant Office: +/- 1,660 Sq. Ft. 16.13% Clariant Lab: +/- 855 Sq. Ft. 8.31% South Bay Shop: +/- 3,440 Sq. Ft. 33.43% South Bay Office: +/- 1,660 Sq. Ft. 16.13% Meter Room: +/- 90 Sq. Ft. 0.87% Total Area: +/- 10,290 Sq. Ft. 100.00% *Plus Clariant Office Mezzanine: +/- 1,590 Sq. Ft.* *Plus South Bay Office Mezzanine: +/- 1,590 Sq. Ft.*
Site Coverage Ratio	15.44%
Services	Full Municipal Services
Inspection Date	August 12th, 2019
Estimates of Value	
Cost Approach	$3,754,000.00
Income Approach	$3,733,000.00
Direct Comparison Approach	$3,715,000.00
Final Value Estimate	**$3,725,000.00** ***(Subject to the Hypothetical Condition that the Interior Improvements were completed as per Plans and Specifications as of the Inspection Date of August 12th, 2019)***

2. Scope of the Appraisal

Purpose and Effective Date of Appraisal

The purpose of this appraisal is to provide an estimate of the Current Market Value of the subject property for first mortgage financing purposes as of the inspection date of August 12th, 2019.

Legal Interest to be Appraised

The legal interest being appraised is the market value of the unencumbered fee simple interest.

Definition of Market Value

Market Value has been defined as: "the most probable price which a property should bring in a competitive and open market as of the specified date under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus" [(2)]

Intended Use

This appraisal is prepared to assist our client, ***Shane Mudryk on behalf of 272649 Alberta Ltd.***, to establish current market value for first mortgage financing purposes.

Scope of Appraisal

In completing this assignment, the following investigation and analysis was completed:

- Barry Plant personally inspected the property on August 12th, 2019 for appraisal purposes.
- The building areas in this report are based on measurements taken on site and the plans and specifications provided. The building sizes are assumed to be correct but should be confirmed with a building survey if greater accuracy is required.
- Having completed numerous appraisals on properties similar to the subject, Barry Plant affirms that he has the experience and knowledge necessary to complete this valuation assignment.
- Regional and neighbourhood information, including tax information, were provided by the City of Grande Prairie and verified where appropriate and possible. Site area and dimensions are from information obtained from the Alberta Land Registry Service and are assumed correct. A real property report should be obtained if greater accuracy is required regarding site size and dimensions.
- Comparable market information was obtained from our information database and local real estate brokers knowledgeable in the real estate market. Information was confirmed, when appropriate, with public information at the Alberta Land Registry Office. Information was confirmed with the parties involved when there was reason to doubt its accuracy.

2 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada, Ottawa. January 2018. P. 73.

3. Assumptions and Limiting Conditions

This report is prepared at the request of ***Shane Mudryk on behalf of 272649 Alberta Ltd.*** for the purpose of an appraisal of Current Market Value to assist in establishing value of the subject property for ***first mortgage financing purposes***. (It is not reasonable for anyone other than ***Shane Mudryk*** to rely on this appraisal without first obtaining written authorization from ***Shane Mudryk and this Appraiser***. There may be qualifications, assumptions, or limiting conditions in addition to those set out below, relevant to that person's identity or his intended use.) This report is prepared on assumption that no other person will rely on it for any purpose, and that the liability to all such persons is denied.

The author is not qualified and does not purport to give legal advice. It is assumed that:

1. A legal description as furnished by the Alberta Land Registries is correct;
2. Title to the property is good and marketable;
3. There are no encroachments, encumbrances, restrictions, leases or covenants that would in any way affect the valuation, except as expressly noted herein;
4. The existing use is a legally conforming use which may be continued by any purchaser from the existing owner, except as expressly noted herein;
5. Rights of way, easements or encroachments over other real property and leases or other covenants noted herein are legally enforceable.

Because these assumptions have been made, no investigation, legal or otherwise, has been undertaken which would verify these assumptions except as expressly noted herein.

The author is not a qualified surveyor (and no legal survey concerning the subject property has been provided). Sketches, drawings, diagrams, photographs etc. are presented in this report for the limited purpose of illustration and are not to be relied upon in themselves. This report includes photographs of the subject property. The appraiser is not responsible for the misuse of these photographs by third parties.

The author is not qualified to give engineering advice. It is assumed that there are no patent or latent defects in the subject improvements, that no objectionable materials are present, that they are structurally sound and in need of no immediate repairs, unless expressly noted within this report. No soil tests for either load bearing capacity or contamination have been done, nor have tests been done of the heating, plumbing, electrical, air-conditioning or other systems and, for the purpose of this opinion, they are assumed to be in good working order.

No investigation has been undertaken with the local zoning office, the fire department, the building inspector, the health department or any other government regulatory agency unless such investigations are expressly represented to have been made in this report. The subject property must comply with such government regulations and, if it does not comply, its non-compliance may affect market value. To be certain of compliance, further investigations may be necessary.

Market data has been obtained, in part, from documents at the land registry office, the assessment office, or as reported by the real estate board. As well as using such documented and generally reliable evidence of market transactions, it was also necessary to rely on hearsay evidence.

Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without warning, the market value expressed as of the date of this estimate cannot be relied upon to estimate the market value as of any other date except with further advice of the author.

The estimate has been prepared on the premise that the appraised property is free and clear of all liens or encumbrances with the exception of normal mortgage financing. The distribution of the total valuation between land and improvements applies only under the proposed program of property utilization and is invalidated if the appraisal is used for any other purpose.

Information identified in this report as being furnished by others is believed to be reliable, and has been checked to the best of the author's ability, although no responsibility is assumed for its accuracy.

The compensation for services rendered in this report does not include a fee for court preparation or court appearance, which must be negotiated separately.

This appraisal may not be used for Assessment Appeal or any other purpose beyond the purpose stated in Section 2, Scope of Appraisal, without obtaining prior written consent of the appraiser.

The term "inspection" refers to observation and reporting of the general material finishing and conditions seen for the purposes of a standard appraisal inspection. The inspection scope of work includes the identification of marketable characteristics/amenities offered for comparison and valuation purposes only, in accordance with CUSPAP.

The opinions of value and other conclusions contained herein assume satisfactory completion of any work remaining to be completed in a good and workmanlike manner. Further inspection may be required to confirm completion of such work. The appraiser has not confirmed that all mandatory building inspections have been completed to date, nor has the availability/issuance of an occupancy permit been confirmed. The appraiser has not evaluated the quality of construction, workmanship or materials. It should be clearly understood that this physical inspection does not imply compliance with any building code requirements as this is beyond the professional expertise of the appraiser.

Where the intended use of the report is for financing or mortgage lending, it is a condition of reliance on this report that the authorized user has or will conduct loan underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent lender, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/ her debt obligations on a timely basis, and conduct such loan underwriting and due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Underwriting Practices and Procedures B-20, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

Where the intended use of this report is for mortgage insurance, it is a condition of reliance on this report that the authorized user will conduct loan insurance underwriting and rigorous due diligence in accordance with the standards of a reasonable and prudent mortgage insurer, including but not limited to ensuring the borrower's demonstrated willingness and capacity to service his/her debt obligations on a timely basis, to conduct such loan insurance underwriting and/due diligence in accordance with the standards set out by the Office of the Superintendent of Financial Institutions (OSFI) Residential Mortgage Insurance Underwriting Practices and Procedures B-21, even when not otherwise required by law. Liability is expressly denied to those that do not meet this condition.

This report includes photographs of the subject property. The appraiser is not responsible for the misuse of these of these photographs by third parties.

This appraisal report has been signed electronically. The complete appraisal report consists of a cover page, letter of transmittal, photographs of the subject property and eighteen (18) separate sections as shown in the Table of Contents, as well as an addenda section with a company profile as well as five (5) separate sections. If this report has been altered in any way, the report is considered invalid.

If the reader has any questions with this report please contact the appraiser.

Environmental Statement

We are not aware of the content of any environmental reports, studies, or other investigations or soil surveys which may have been carried out on the property and which may have indicated the existence or possibility of contamination. In undertaking this assignment, we have assumed that no actual or potential contaminative uses have ever been carried out on the property. Further, we have not carried out any investigation into the past or present uses of either the subject property or of any adjacent properties to establish whether there is any potential for contamination from any uses on any sites adjacent to the subject and therefore assume that none exists. Should it be subsequently established that contamination exists either on the subject property or is affected from contamination on any adjacent property, this might alter or reduce this estimate or opinion of value.

The appraiser is not qualified to comment on environmental issues that may affect the market value of the property appraised, including but not limited to pollution or contamination of land, buildings, water, groundwater or air. Unless expressly stated, the property is assumed to be free and clear of pollutants and contaminants, including but not limited to moulds or mildews or conditions that might give rise to either, and in compliance with all regulatory environmental requirements, government or otherwise, and free of any environmental conditions, past, present or future, that might affect the market value of the property appraised.

If the party relying on this report requires information about environmental issues then that party is cautioned to retain an expert qualified in such issues. We deny any legal liability to the effect of environmental issues on the market value of the property appraised.

Hypothetical Condition: *that which is contrary to what exists, but is supposed for the purpose of analysis* [3]

This report is completed based on the hypothetical condition that the planned interior improvements were completed as per the plans and specifications provided as of the inspection date of August 12th, 2019. Portions of the plans and specifications are included in Sections 6 and 7 of this report. Should the actual improvements differ from the plans and specifications provided and described in this report then the Final Estimate of Value in this report may be affected.

Extraordinary Assumption: *an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.* [4]

This report is completed based on the Extraordinary Assumption that the Hypothetical Condition stated above had been satisfied as of the inspection date.

Extraordinary Limiting Condition: *a necessary modification or exclusion of a Standard Rule which may diminish the reliability of the report.* [5]

There are no Extraordinary Limiting Conditions in this report.

3 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P. 7
4 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P. 6
5 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P. 6

4. Regional Information

The subject property is located on 118th Street in the southern section of the Centre West Business Park, a developing business park in the western portion of the City of Grande Prairie.

The City of Grande Prairie is located in northwest Alberta, approximately 465 kilometers northwest of the City of Edmonton.

The 2016 federal census reported a population of 63,166 persons which indicates the city grew 14.8% between the 2011 and 2016 federal censuses. The overall province of Alberta grew by 11.6% between 2011 and 2016. The City of Grande Prairie completed a municipal census in 2015 showing the population up almost 25% from the 2011 federal census to the 2015 municipal census.

City of Grande Prairie			
Census	Total Persons	Increase (Decrease)	Change per Annum
2016 Federal Census	63,166	-7.86%	-7.86%
2015 Municipal Census	68,556	23.18%	5.80%
2011 Federal Census	55,655	10.81%	2.70%
2007 Municipal Census	50,227	6.69%	6.69%
2006 Federal Census	47,076	5.48%	5.48%
2005 Municipal Census	44,631	10.95%	5.48%
2003 Municipal Census	40,226	8.77%	4.38%
2001 Federal Census	36,983	17.96%	3.59%

The County of Grande Prairie No. 1 and the communities of Sexsmith, Wembley, Hythe and Beaverlodge contribute an additional +/- 30,000 persons for an overall total of +/- 93,000 persons in the area. The service area is estimated in excess of 250,000 people.

Alberta Economy

Alberta is the 4th largest province in Canada by population with a reported 4,067,175 persons in the 2016 federal census accounting for +/- 11.57% of the population of Canada in the census. Alberta has a land area of 640,004.57 square kilometres making it the 5th largest province accounting for +/- 7.10% of Canada's overall land mass.

Between the 2011 and 2016 censuses the Province of Alberta grew by +/- 421,918 persons or 11.57% while Canada overall grew by 5.0%.

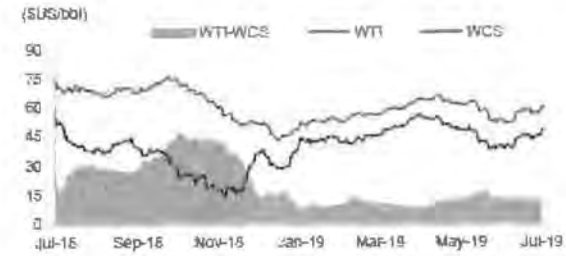
Alberta's GDP growth led all provinces 4 of 5 years through 2014. In 2015 and 2016 the Alberta Economy contracted between 3.5% and 4% each year, the worst of any province. For 2017 Alberta's GDP growth led all provinces at +/- 4.4%. In 2018 economic activity slowed to 2.3% which was 4th in growth of the provinces.

Alberta Economy
Indicators at a Glance

NEW: Oil Prices
WTI increased US$2.86 per barrel on the week and closed at US$60.20 on Thursday. The WTI-WCS differential narrowed to close at US$11.15 per barrel, down from US$12.60 the previous week.

Economic Activity
The Alberta Activity Index rose 2.6% m/m in April and was up 1.6% y/y. Alberta's real GDP by industry grew by 2.3% in 2018 following 4.6% growth in 2017.

Oil Prices
Daily prices



Source: US Energy Information Administration, CME Group, Kent Group Limited

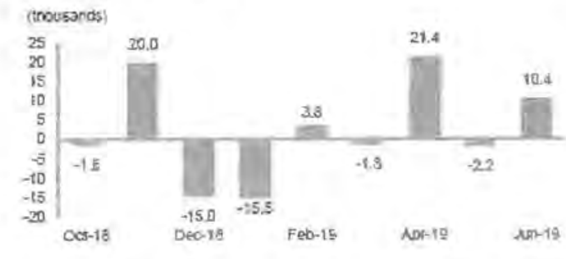
Economic Activity
Year-over-year % change

Source: Statistics Canada, Alberta Treasury Board and Finance

Labour Market
Employment in Alberta rose by 10,400 in June following a slight pullback in May. In the last 12 months, Alberta has added 29,500 jobs. The next release is August 9.

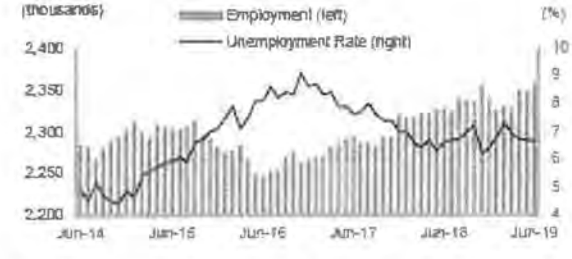
Alberta's unemployment rate fell from 6.7% in May to 6.6% in June and was unchanged from a year ago.

Labour Market
Monthly change in employment



Source: Statistics Canada

Labour Market
Employment and Unemployment Rate



Source: Statistics Canada

	WTI - West Texas Intermediate (US$/bbl)	WTI-WCS Differential (US$/bbl)	Henry Hub (US$/MMBtu)	AECO-C (C$/GJ)	Exchange Rate (USc/C$)
July 11, 2019	60.20	11.15	2.42	2.29	76.51
Fiscal Year-To-Date	58.73	11.42	2.50	1.18	74.94

Business Output

Manufacturing shipments rose 4.6% month-over-month (m/m) in April to $6.9 billion, 18% higher than a year ago.

Alberta goods exports increased by 15% m/m in May, to total $12.0 billion. On a year-over-year basis, they were up 17%.

Rigs Drilling

The number of active rigs drilling in Alberta averaged 61 in June, down 43% year-over-year (y/y).

Average Weekly Earnings

Average weekly earnings (AWE) in Alberta declined 1.0% m/m in April to $1,144, 0.6% lower than a year ago.

Inflation

Growth in the consumer price index in Alberta ticked up to 2.3% y/y in May, from 2.2% y/y in the previous month.

Retail Sales

Alberta retail sales increased 1.6% m/m to $7.1 billion in April. With the monthly gain, sales were 3.5% higher than a year ago.

NEW: Housing Market

Alberta housing starts jumped 40% m/m in June to 31,517 units (SAAR). On a year-over-year basis, housing starts were up 22%.

The number of homes sold increased by 2.5% m/m to 4,547 units in May. Compared to a year ago, home sales were up 5.1%.

Population Growth

Alberta's population was 4,362,503 as of April 1, 2019, an increase of 1.7% from the year prior. During the last 12 months, Alberta welcomed 34,447 net international migrants and 10,115 net interprovincial migrants.

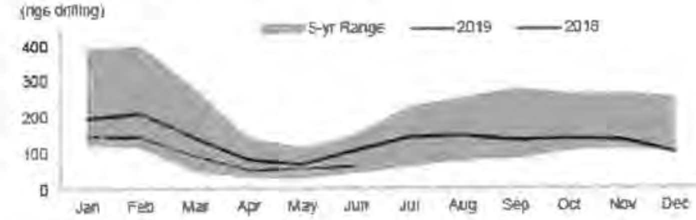
Manufacturing Shipments and Merchandise Exports

Year-over-year % change

Source: Statistics Canada, SA - Seasonally Adjusted

Rigs Drilling

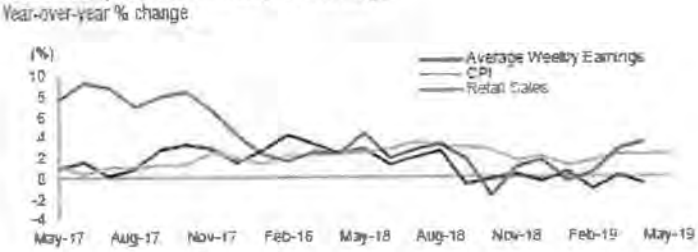
Number of rigs drilling and five-year seasonal range



Source: Canadian Association of Oil Well Drilling Contractors (CAODC)

Retail Sales, Consumer Prices, and Earnings

Year-over-year % change



Source: Statistics Canada

Housing Starts and Home Resales

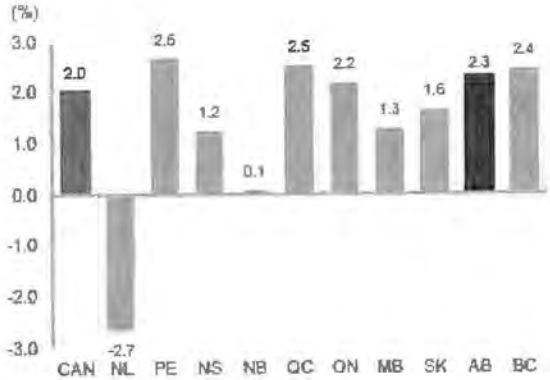
Year-over-year % change

Source: Statistics Canada, Canadian Real Estate Association, SAAR - Seasonally adjusted annual rate

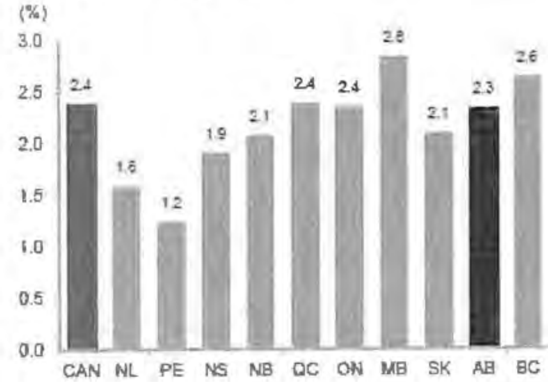
Contact: Daniel Leitner 780.427.8845

Please see the Weekly Economic Review for current analysis on the Alberta economy.

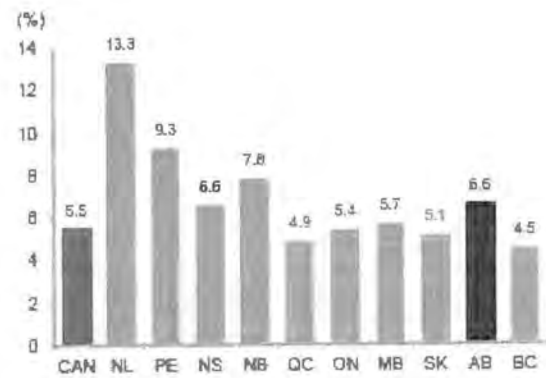
Real GDP by Industry
(2018, year-over-year growth)



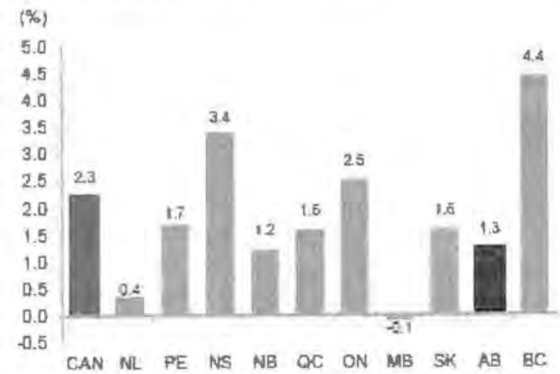
CPI Inflation
(May 2019, year-over-year growth)



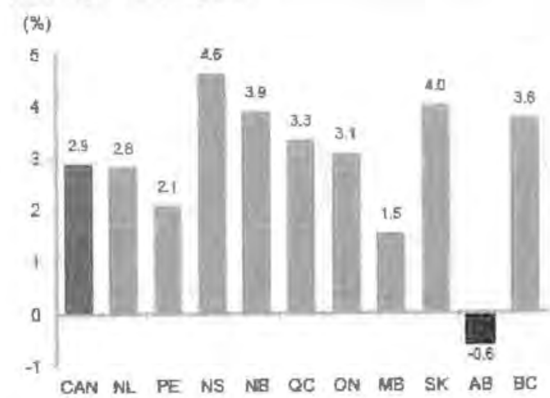
Unemployment Rate
(June 2019)



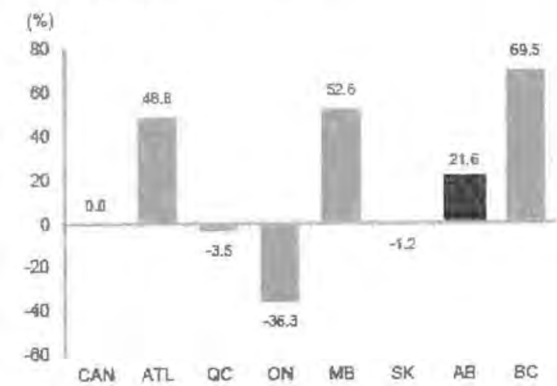
Employment
(June 2019, year-over-year growth)



Average Weekly Earnings
(April 2019, year-over-year growth)



Housing Starts
(June 2019, SAAR, year-over-year growth)



Indicators at a Glance | Treasury Board and Finance
Page 3 July 12, 2019

Alberta

Grande Prairie Economy

The Grande Prairie economy was initially based on agriculture. The soils of the area are rated Class #2, limited only by the climate and, occasionally, topography. The prime agricultural land is considered some of the most productive lands in Alberta.

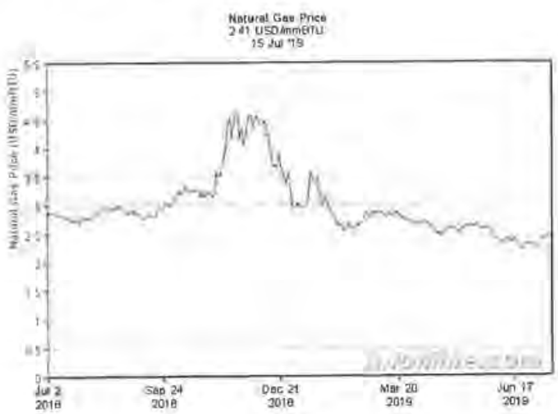
To the south and east of Grande Prairie are forest reserves, which are sufficient in extent and type to support commercial forestry operations. International Paper operates one of the largest kraft pulp mills in Alberta. Weyerhaeuser has a sawmill adjacent to the pulp mill, which is capable of producing 100,000,000 board feet of timber annually.

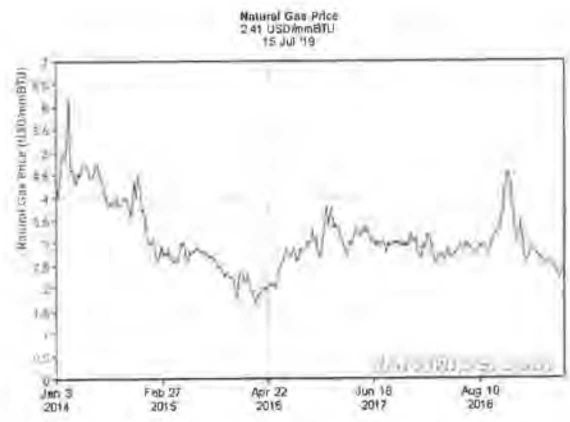
Canfor (Northern Canadian Forest Industries) operates a sawmill and planer mill within the City limits of Grande Prairie. Norbord operates one of the largest OSB (oriented strand board) mills in North America +/- 20 kilometres south of Grande Prairie.

There are five natural gas fields in the vicinity of Grande Prairie. Of these, the Elmworth field is considered to be one of the largest in North America, with estimated reserves of 440 trillion cubic feet.

Oil and gas exploration and development have been a driving force behind the economy of the Grande Prairie area with natural gas being the most important in the local economy.

As of July 16th, 2019 natural gas futures are in the +/- $2.41 range with the 52 week high at +/- $4.64 and the 52 week low at +/- $2.19.





Highways

Highway #43 provides access to Edmonton and Southern Alberta. Highway #43 has been designed as an integral part of the CANAMEX North-South Trade Corridor, linking Canada, USA and Mexico. Highway #43 is now twinned from Grande Prairie to Edmonton. Highways #2 and #35 (the Mackenzie Highway) lead north to the Northwest Territories and Highway #43 leads west to Dawson Creek, British Columbia and the start of the Alaska Highway going north, and the Hart Highway going south to Prince George. Highway #40 heads due south to Grande Cache and connects with Highway #16 (the Yellowhead Highway).

Work was recently completed on an overpass at 4 mile corner to the north of Grande Prairie as part of the development of a 4 lane divided ring road to help ease traffic congestion in the City. A temporary bypass now exists from Highway #43X between 4 mile corner to Range Road 63 (116th Street) and south to Highway #43 (100th Avenue) with a long term bypass under construction.

Airport

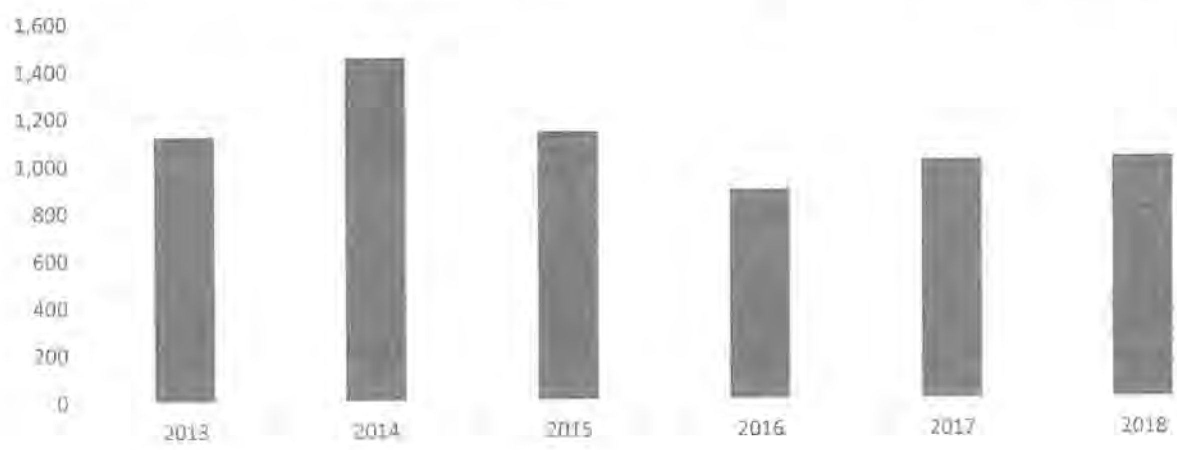
The Grande Prairie Airport is located within the City, (6.5 kilometres from City Centre), and is a full service facility offering a modern air terminal, two paved runways in excess of 6,200 feet each, aviation fuels, ILS and ground transportation. The Grande Prairie Airport has services provided by a number of regional carriers as well as West Jet and Air Canada.

The airport is reportedly investing more than $60 million on expansion and improvements by 2020. In October 2014 one runway was lengthened 2,000 feet to 8,500 feet to accommodate larger aircraft up to and including 747s. From 2014 to 2018 passenger movements have ranged from +/- 389,000 to +/- 445,000 per year with an average of +/- 423,000 persons per year.

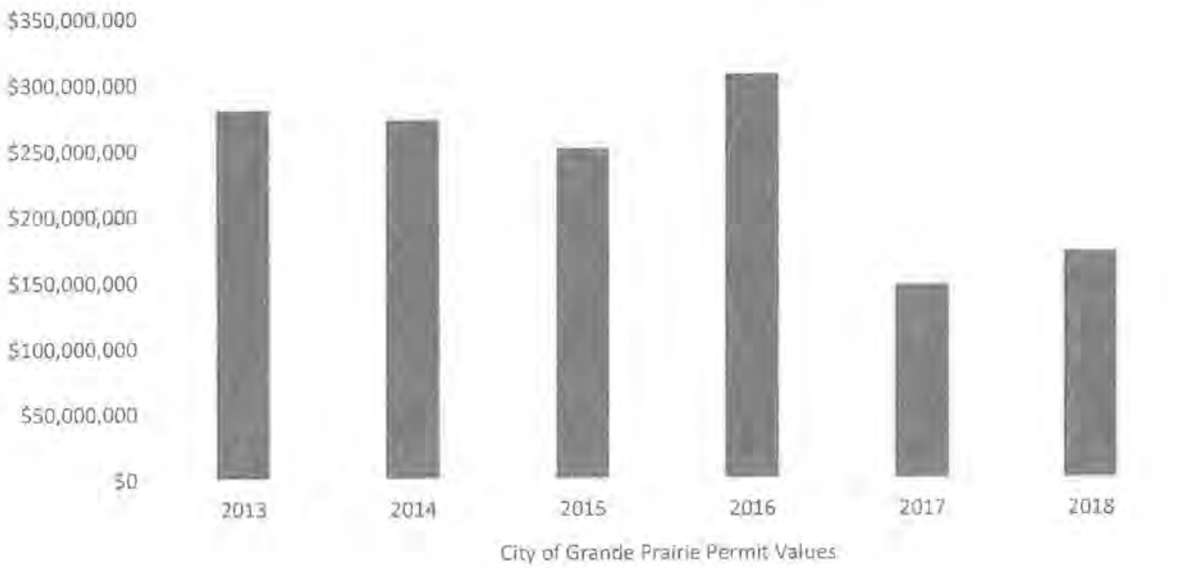
City Building Permits

The total number of permits and the value of building permits fell from 2014 to 2015. In 2016 permit values returned to 2014 levels; however, the bulk of the permit values were institutional as shown below and on the following page. In 2017, permits values grew from 2016 with most of them being commercial or residential in nature. The City of Grande Prairie reports that to the end of December 2018, there were a total of 1,018 permits issued worth $172.1 million compared to 1,007 worth $146.8 million in the same period last year. They report that there have been 408 housing starts compared to 405 in 2017.

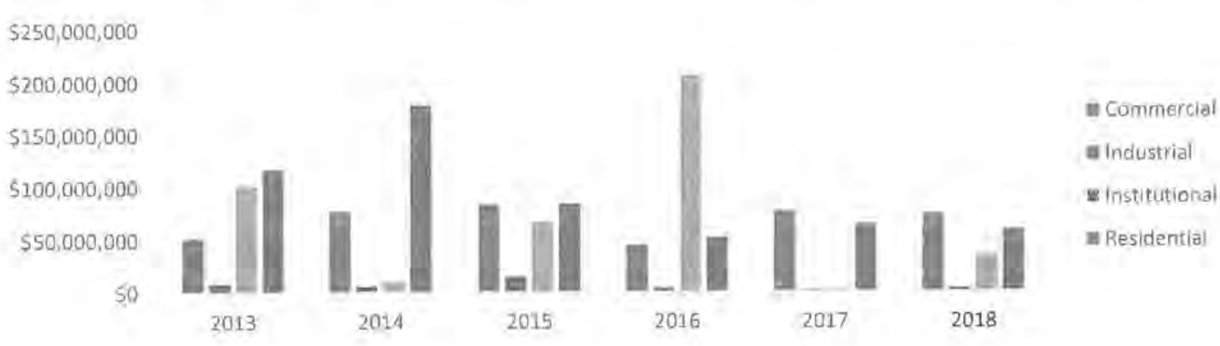
Total Number of Building Permits					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
1,119	1,451	1,134	885	1,007	1,018



City of Grande Prairie Permit Values					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$280,170,894	$273,018,516	$250,835,329	$307,039,839	$146,870,070	$172,108,643



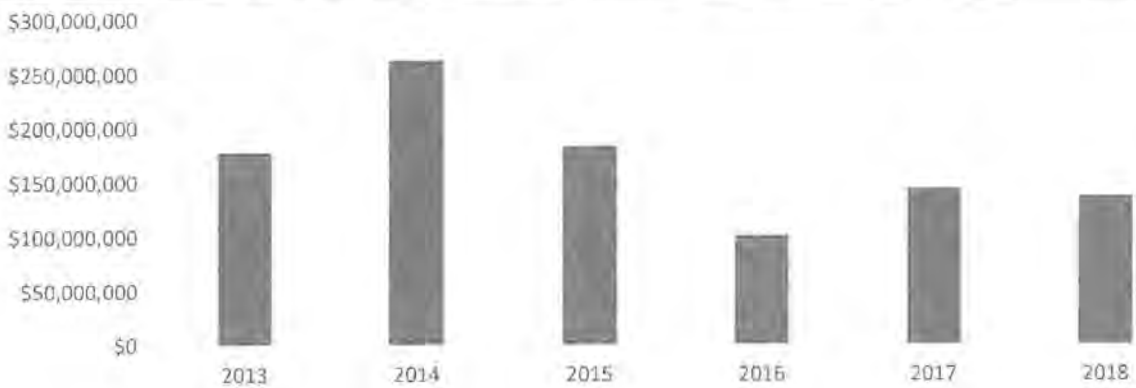
Total Grande Prairie Permit Values By Type						
Permit Type	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Commercial	$51,769,025	$77,427,281	$83,936,994	$44,475,386	$76,632,352	$74,488,176
Industrial	$8,538,763	$6,524,331	$14,971,568	$4,051,017	$2,242,576	$3,243,790
Institutional	$102,068,256	$10,109,361	$67,375,308	$206,242,196	$2,774,615	$35,279,852
Residential	$117,794,850	$178,957,563	$84,551,459	$52,271,240	$65,220,527	$59,096,824
Total	$280,170,894	$273,018,536	$250,835,329	$307,039,839	$146,870,070	$172,108,642



Below is a chart showing total permit values excluding institutional permits. Obviously 2015 and 2016 have shown a substantial slowdown in construction with 2015 showing a 30% decline from 2014 and 2016 permit values (excluding institutional) showing over a 60% decline from 2014. However, in 2017 permit values increased by 43% (excluding institutional) from 2016. Excluding institutional permits, total permit values declined by +/- 5% between 2017 and 2018.

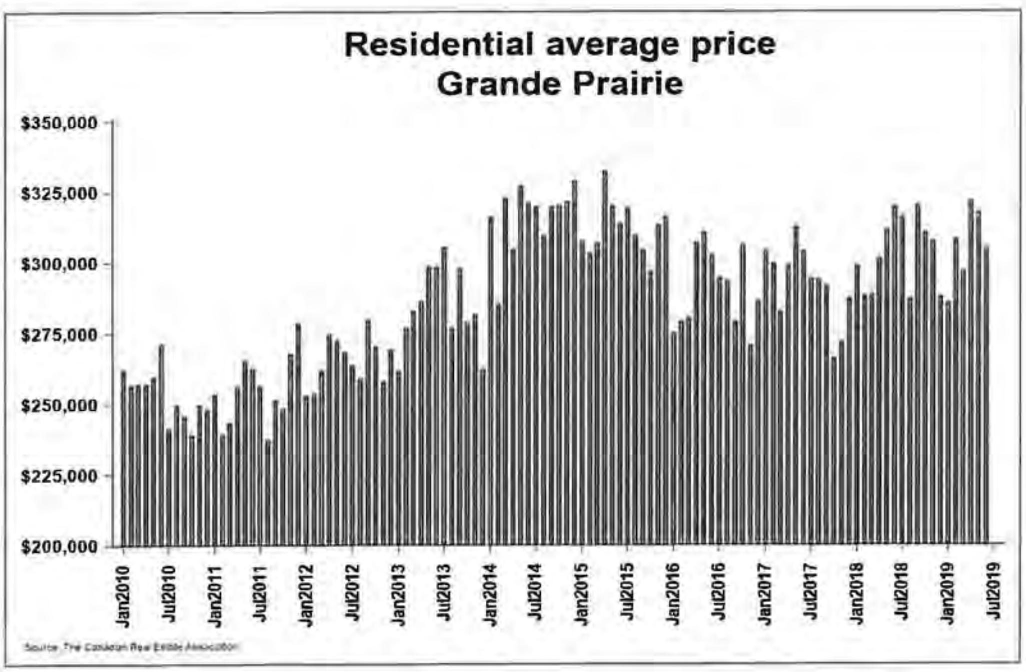
City of Grande Prairie Permit Values (Excluding Institutional)

2013	**2014**	**2015**	**2016**	**2017**	**2018**
$178,102,638	$262,909,175	$183,460,021	$100,797,643	$144,095,455	$136,828,790
-9.57%	47.62%	-30.22%	-45.06%	42.96%	-5.04%



MLS Average Sales Price

As of June 2019 the price of an average home in the Grande Prairie (year to date) was $308,264 up 1.6% from the same period in 2018.



Apartment Vacancies

CMHC reported the Grande Prairie residential vacancy below +/- 2% from Spring 2012 to Fall 2014, however in Fall 2016 vacancies had risen to +/- 19.8%. As of October 2018, the residential vacancy rate has returned to 3.6% with rental rates increasing.

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Alberta

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18
Calgary CMA	5.6	2.4	5.8	3.6	6.9	4.3	7.1	5.9	6.3	3.9
Edmonton CMA	7.3	4.9	7.0	5.3	7.0	5.4	5.9	5.2	7.0	5.3
Lethbridge CMA	4.5	3.4	5.7	4.7	5.1	4.9	1.8	3.8	5.1	4.7
Brooks CA	0.0	0.0	7.1	3.0	8.3	5.7	10.2	11.4	8.1	5.5
Camrose CA	**	**	5.1	5.0	7.2	2.4	**	**	6.5	3.3
Canmore CA	**	**	**	**	**	**	**	**	0.0	**
Cold Lake CA	**	**	**	10.1	25.4	15.2	13.9	15.3	27.3	13.8
Grande Prairie CA	6.0	2.9	5.1	2.8	4.9	3.7	3.9	8.1	4.9	3.6
Grande Prairie County No. 1 MD	-	-	-	-	-	**	-	-	-	**
High River CA	-	-	**	10.1	**	**	10.3	**	**	5.5
Lacombe CA	15.5	14.3	3.3	3.6	22.7	8.9	9.7	0.0	15.5	7.5
Medicine Hat CA	8.9	**	6.8	7.0	5.2	4.9	12.2	3.5	6.2	5.8
Okotoks CA	**	**	**	0.0	1.4	**	0.0	**	1.0	**
Red Deer CA	9.5	8.6	13.0	9.3	13.1	8.3	18.0	5.6	13.1	8.6
Strathmore CA	**	**	**	**	11.3	8.8	2.9	5.6	9.3	7.7
Sylvan Lake CA	**	**	18.1	**	25.1	12.0	12.5	**	22.9	12.9
Wetaskiwin CA	0.0	15.9	7.2	3.2	5.7	5.6	**	**	6.0	5.0
Whitecourt T	-	**	-	18.8	-	15.6	-	18.8	-	17.0
Wood Buffalo CA	14.6	10.9	24.3	19.0	24.4	24.2	12.0	22.3	23.6	22.4
Alberta 10,000+	**6.9**	**4.6**	**7.1**	**5.1**	**7.9**	**5.9**	**6.9**	**6.1**	**7.5**	**5.5**

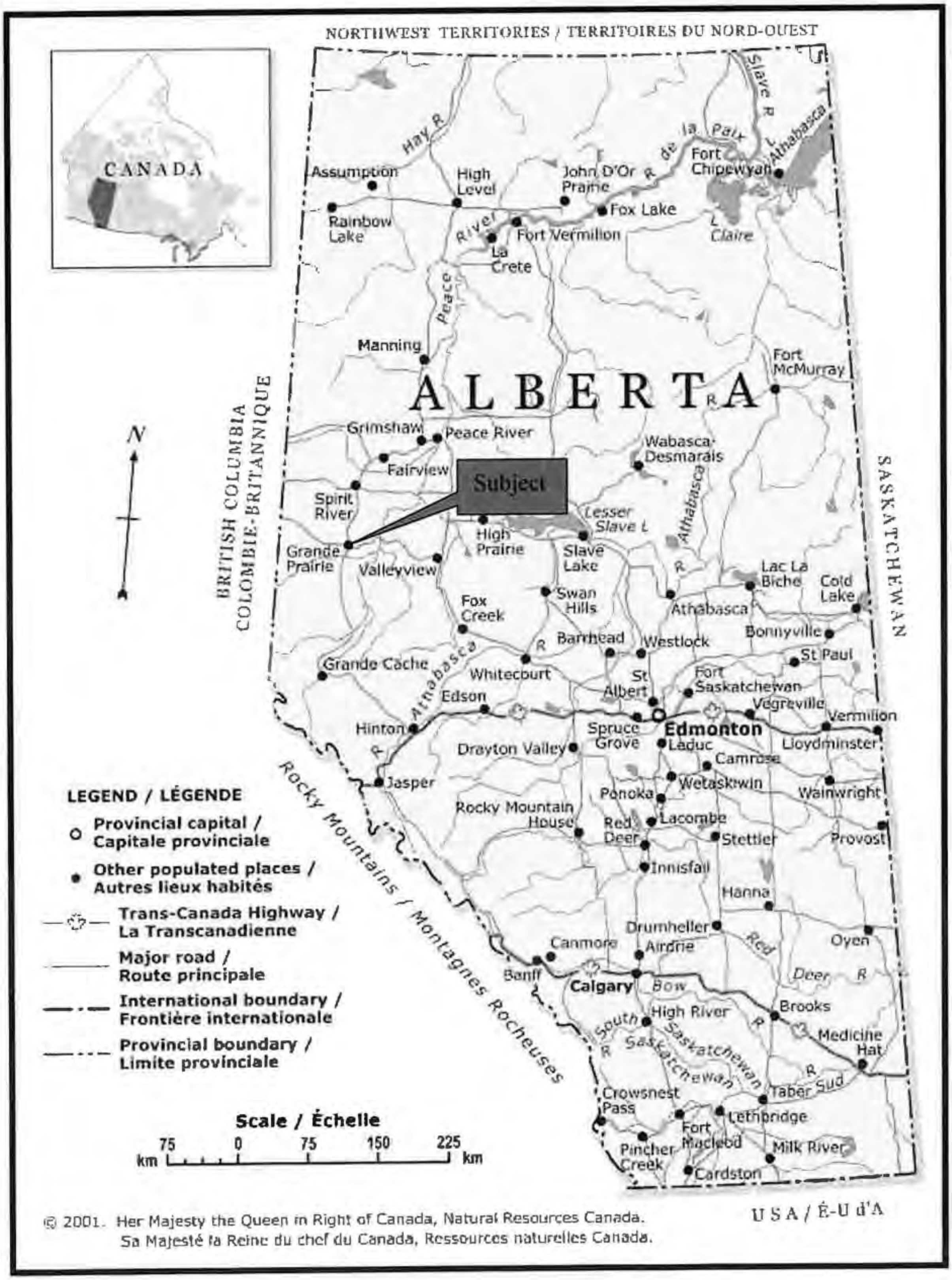
Does not include Alberta portion of Lloydminster CA. For Lloydminster CA data, refer to Saskatchewan Highlights report.

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Alberta

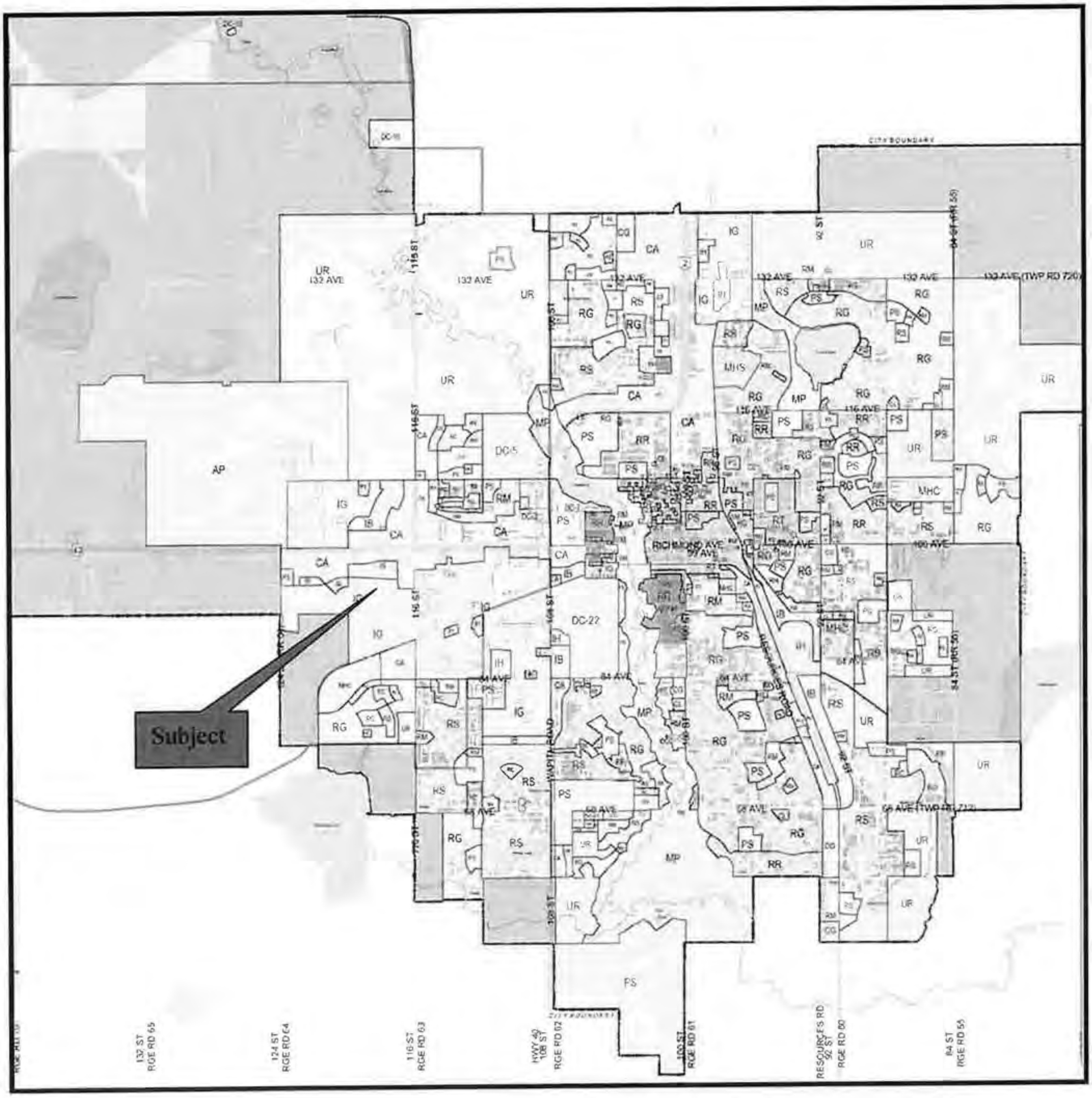
Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18	Oct-17	Oct-18
Calgary CMA	825	879	1,025	1,050	1,247	1,272	1,254	1,244	1,128	1,149
Edmonton CMA	839	862	989	1,017	1,215	1,246	1,376	1,373	1,101	1,131
Lethbridge CMA	701	692	838	874	937	981	1,068	1,099	898	937
Brooks CA	661	652	753	756	840	848	923	909	825	831
Camrose CA	**	**	811	830	924	981	1,006	1,016	885	935
Canmore CA	**	**	930	892	1,044	1,118	**	**	990	1,073
Cold Lake CA	**	**	794	933	954	990	1,015	985	909	969
Grande Prairie CA	730	806	845	943	1,012	1,122	997	1,121	951	1,056
Grande Prairie County No. 1 MD	-	-	-	-	-	-	-	-	-	-
High River CA	-	-	831	867	937	958	1,049	**	910	933
Lacombe CA	**	626	765	745	874	989	945	955	837	926
Medicine Hat CA	656	722	757	767	842	835	975	992	818	821
Okotoks CA	**	**	**	**	**	**	**	**	1,011	970
Red Deer CA	725	729	841	861	1,011	1,032	1,100	1,108	942	960
Strathmore CA	**	**	**	**	985	964	1,091	1,106	969	959
Sylvan Lake CA	**	**	824	920	912	925	915	**	891	926
Wetaskiwin CA	788	757	802	773	973	935	**	**	926	892
Whitecourt T	-	593	-	844	-	1,012	-	1,258	-	991
Wood Buffalo CA	1,073	1,034	1,251	1,233	1,531	1,483	1,823	1,713	1,463	1,416
Alberta 10,000+	**823**	**853**	**988**	**1,015**	**1,188**	**1,215**	**1,300**	**1,298**	**1,090**	**1,117**

Does not include Alberta portion of Lloydminster CA. For Lloydminster CA data, refer to Saskatchewan Highlights report.

Regional Map



City Map (Cropped)



5. Neighbourhood Information

Overview

The subject neighbourhood is part of a mainly commercial zoned area oriented around 100th Avenue at the west entrance of the City of Grande Praire. The neighbourhood includes generally power center developments know as West Side, Gateway, Westgate, Westgate West, Centre West and Visions West.

The subject property is located in the western section of the neighbourhood with frontage on 118th Street in the Centre West Business Park.

Development

The area is highly developed and contains the bulk of the new commercial and industrial development in the City of Grande Prairie over the past +/- 15 years. Development contains a mix of hotel accommodations, service commercial, restaurants, retail and several car dealerships. The neighbourhood contains almost all of the undeveloped industrial land within the city.

Services

The area is fully serviced with water, sewer, storm sewer, gas, electricity and telephone. The subject property has access to all of these services. Streets in the neighbourhood are generally two lane paved streets with concrete curbs and gutters.

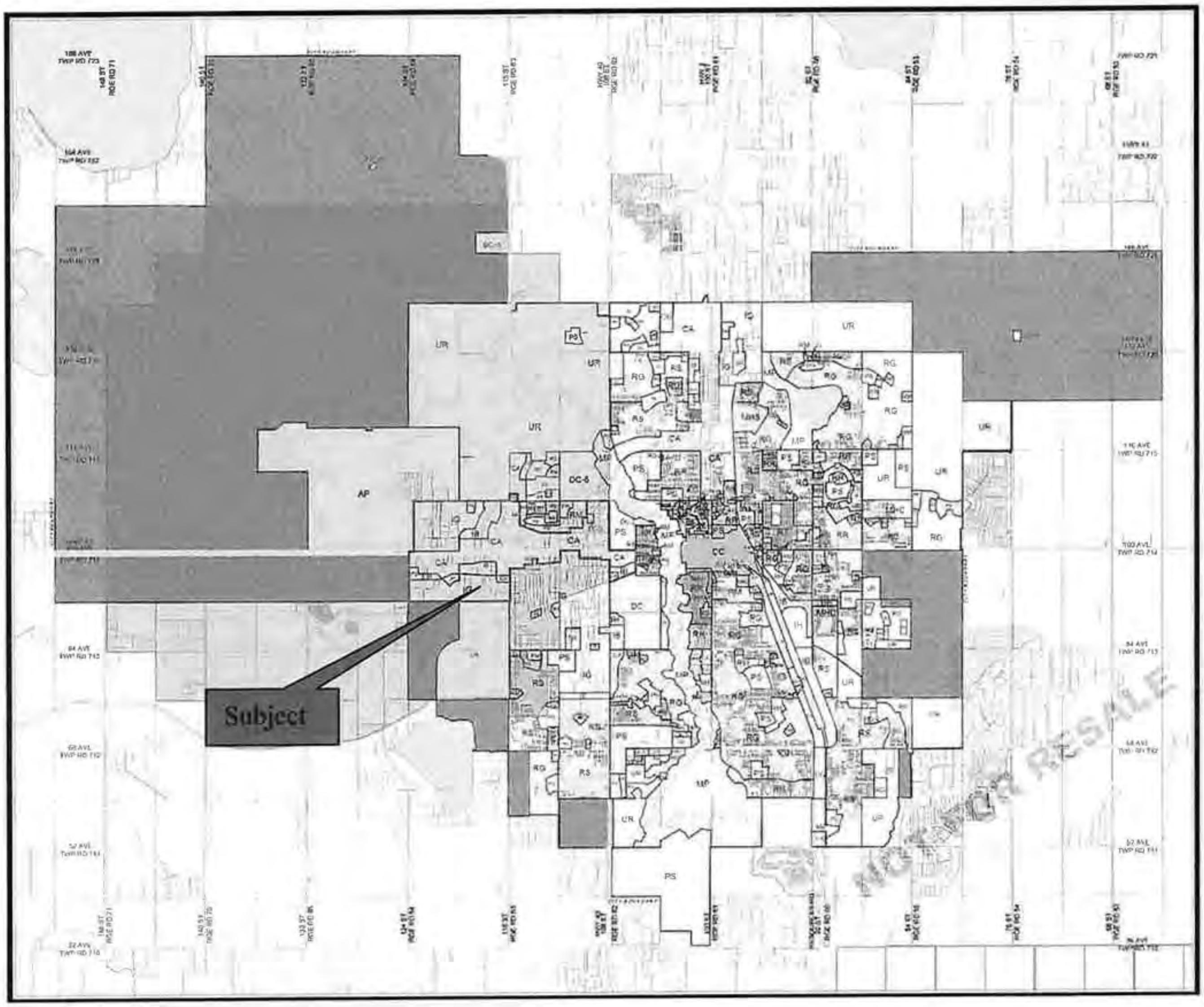
The subject property fronts 118th Street which is a two lane paved street with concrete curbs and gutters. Street lighting is carried on metal standards. Power and telephone are underground.

Land Use Designation

Organization of planning and development of properties in the subject neighbourhood is by use of The City of Grande Prairie Zoning Bylaw #C-1260, with its purpose being to achieve orderly and efficient land use and development in this area. Zoning in the neighbourhood is mainly commercial industrial with the subject property being zoned IG, General Industrial District.

A neighbourhood map showing the subject property's location within the City of Grande Prairie is provided on the following page.

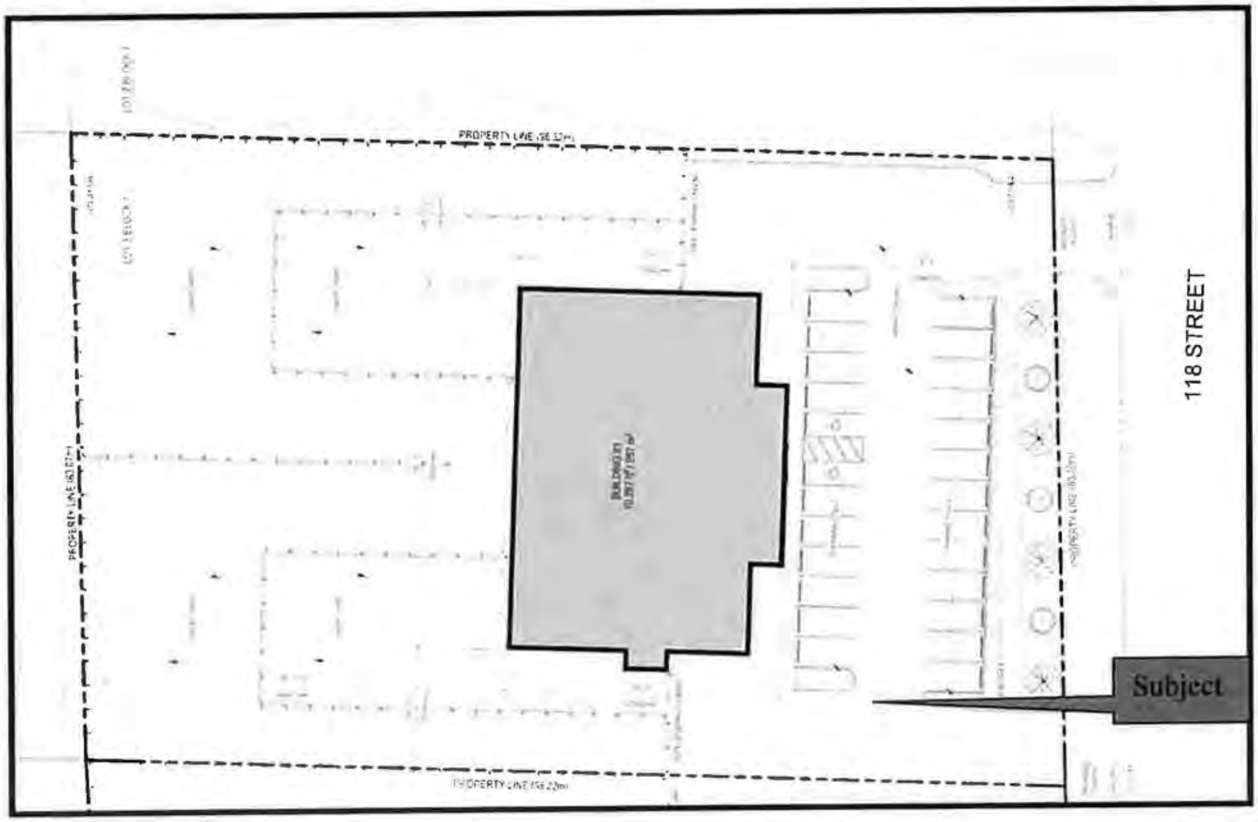
Neighbourhood Map



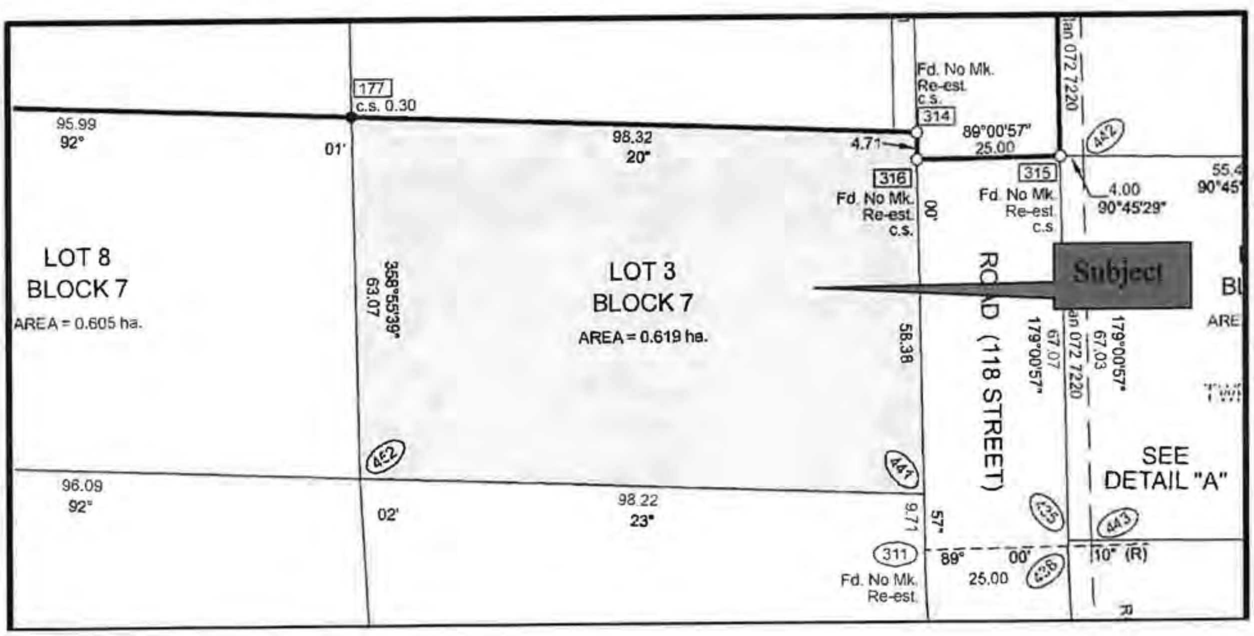
6. Site Information

Legal	
Location	Centre West Business Park, City of Grande Prairie, Alberta
Civic Address	9602 – 118th Street, City of Grande Prairie, Alberta
Legal Description	Lot 3, Block 7, Plan 152-3374, Northeast Section 21, Township 71, Range 6, W6M
Property Size	+/- 1.53 Acres
Zoning	IG, General Industrial District
Restrictions/Easements	A Land Registry search shows one zoning regulation, six caveats, one utility right of way, one easement and one mortgage registered on the title. These registrations have not been investigated and are assumed not to have a negative effect on value. The appraiser is not qualified to give legal advice. The reader is cautioned to consult legal counsel to determine the full effect of these registrations. A copy of the Land Registry Search is included in the addenda section of this report.
Physical Characteristics	
Topography	Generally Level
Drainage	Assumed Adequate
Site Configuration	The subject property is irregular in shape with +/- 209.99' (+/- 63.09m) of frontage on 118th Street to the east. The property has a depth of +/- 322.57' (+/- 98.32m) on the north boundary and +/- 322.24' (+/- 98.22m) on the south boundary. The west boundary along the back of the property runs for +/- 206.92' (+/- 63.07m). Copies of the site plan, survey plan and aerial photos are included on the following pages.
Site Improvements	The subject property is being improved with an industrial shop and office building, chain link fencing, concrete aprons, asphalt paving, yard graveling and landscaping.
Street Improvement	118th Street is two lane paved street with concrete curbs and gutters. Electrical and telephone services are underground and street lighting is provided on metal standards.
Utilities	The subject site has access to Aquatera water, sewer and storm sewer systems. Electricity and gas are supplied by ATCO. Telephone is supplied by Telus Ltd.
Off Site Factors	
Visibility	Average being an internal lot located in the Centre West Business Park.
Access (egress)	Average via a network of streets in the Centre West Business Park.

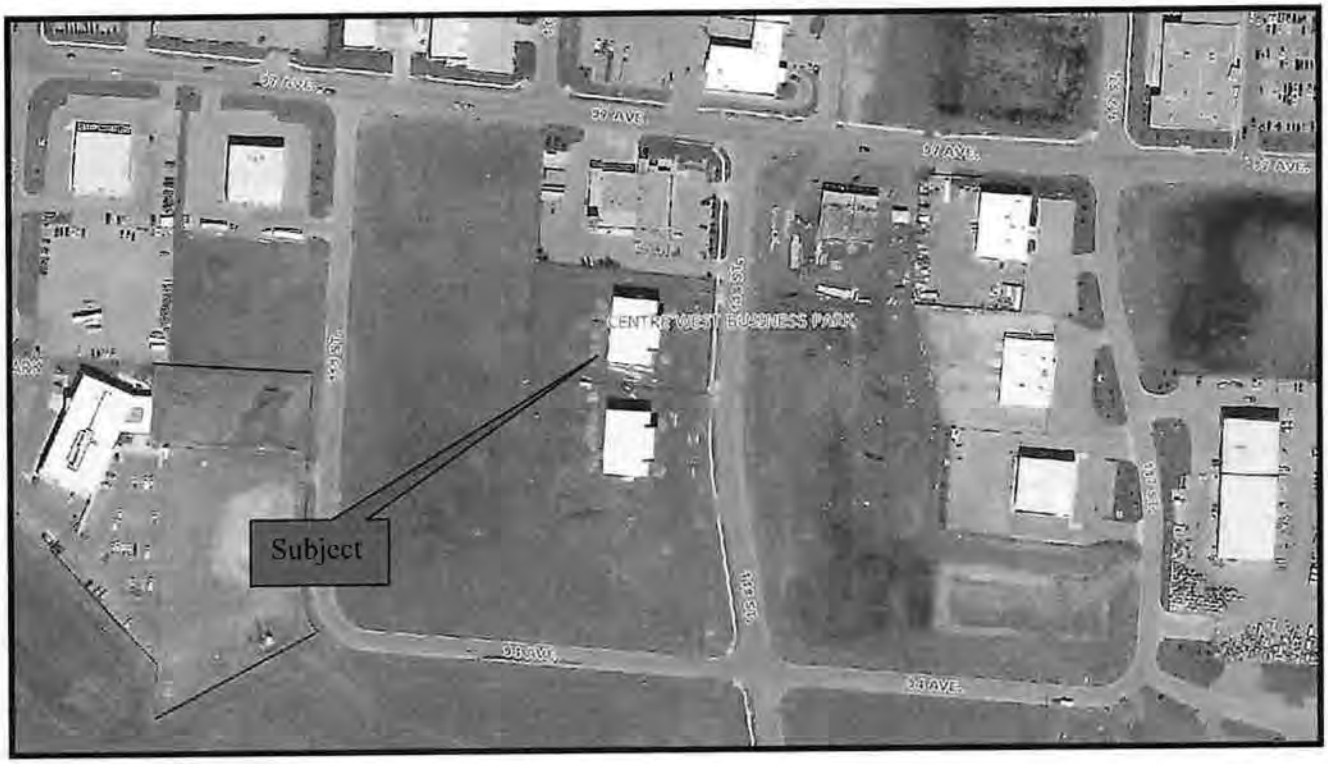
Site Plan (Cropped)



Plan 152-3374 (Cropped)



2018 Aerial Photos



7. Description of the Improvements

General Details	
Type of Improvements	The subject is improved with a +/- 10,290 Sq. Ft. industrial shop and office building designed to be occupied by 2 tenants. The north bay has a pending lease to Clariant (Canada) Inc. subject to completion of the interior buildout which is to include a +/- 1,660 Sq. Ft. office front, +/- 3,440 Sq. Ft. of shop and lab space and a +/- 1,590 Sq. Ft. office finished mezzanine. The south bay is available for lease and is valued based on a similar finished +/- 1,660 Sq. Ft. office front with a +/- 1,590 Sq. Ft. office mezzanine over and a +/- 3,440 Sq. Ft. shop area. ***The subject property is valued based on the hypothetical condition that the planned interior improvements had been completed as per the plans and specifications provided as of the inspection date of August 12th, 2019.*** A sketch showing the general building layout is included at the end of this section.
Use	Industrial Shop and Office Building
Condition	Good
Chronological Age	The subject property building was completed in 2018. The chronological age is 1 year.
Effective Age	The effective age is new based on the observed condition on inspection and the planned new interior improvements.
Remaining Economic Life	The remaining economic life is estimated at 50 years assuming typical maintenance over the life of the property.
Building Details	
Building Configuration	Clariant Shop: +/- 2,585 Sq. Ft. 25.12% Clariant Office: +/- 1,660 Sq. Ft. 16.13% Clariant Lab: +/- 855 Sq. Ft. 8.31% South Bay Shop: +/- 3,440 Sq. Ft. 33.43% South Bay Office: +/- 1,660 Sq. Ft. 16.13% Meter Room: +/- 90 Sq. Ft. 0.87% Total Area: +/- 10,290 Sq. Ft. 100.00% *Plus Clariant Office Mezzanine: +/- 1,590 Sq. Ft.* *Plus South Bay Office Mezzanine: +/- 1,590 Sq. Ft.*
Site Coverage Ratio	15.44%
Exterior	
Type of Construction	Steel Frame with Wood Front Facade Construction
Foundation	Poured Concrete
Siding	Metal Siding and Cultured Stone Veneer
Roof	Low Slope with Metal Roofing
Windows	Shop: In Overhead Doors Only Office: Double Glazed Aluminum Sash
Exterior Doors	Double Glass Store Front Doors with Steel Fire Exit Doors
Eave Height	+/- 25' to 34' (Meter Room 12')
Overhead Doors	4 – 14'w x 16'h Insulated and Powered Overhead Doors

Interior	
Floors	Concrete Slab
Flooring	Shop: Concrete Slab with Sumps Office: Vinyl Plank & Commercial Carpet (Assumed)
Interior Walls	Shop: Open to Steel Structure and Vinyl Backed Insulation Office: Painted Drywall
Ceilings	Shop: Open to Steel Structure and Vinyl Backed Insulation Office: T-Bar and Painted Drywall
Ceiling Height	Shop: +/- 25' to +/- 30' Office: +/- 9'
Lighting	T-5 Flourescent and LED (Assumed)
Interior Doors	Interior Metal and Wood Doors
Mechanical	
Power	Main Service is 600 Volt, 400 Amp 3 Phase. Split into 4 Separate 200 Amp Services and 1 – 100 Amp Service
Hot Water	Assumed Adquate
Heating	Suspended Radiant Tubes Roof Top HVAC
Washrooms	Six – 2 Piece Washrooms
Extras	Mezzanine Area
Yard Improvements	Chain Link Fencing, +/- 20' by 120' Concrete Apron, +/- 1,500 Sq. Ft. Concrete Sidewalks, 8 Concrete Bollards, +/- 20,000 Sq. Ft. Asphalt Parking, Yard Graveling, Landscaping, and Storm Drainage System.

Deferred Maintenance:

The subject property was inspected for appraisal purposes on ***August 12th, 2019***. The subject property interior improvements are valued based on plans and specifications and are assumed to be in new/ good condition with no items of deferred maintenance to consider. No adjustment for deferred maintenance has been applied in this report.

On the following page is a sketch showing the basic layout of the subject property.

Improvement Sketch (Not to Scale for Illustration Only)

Comments:

Scale: 1 = 23

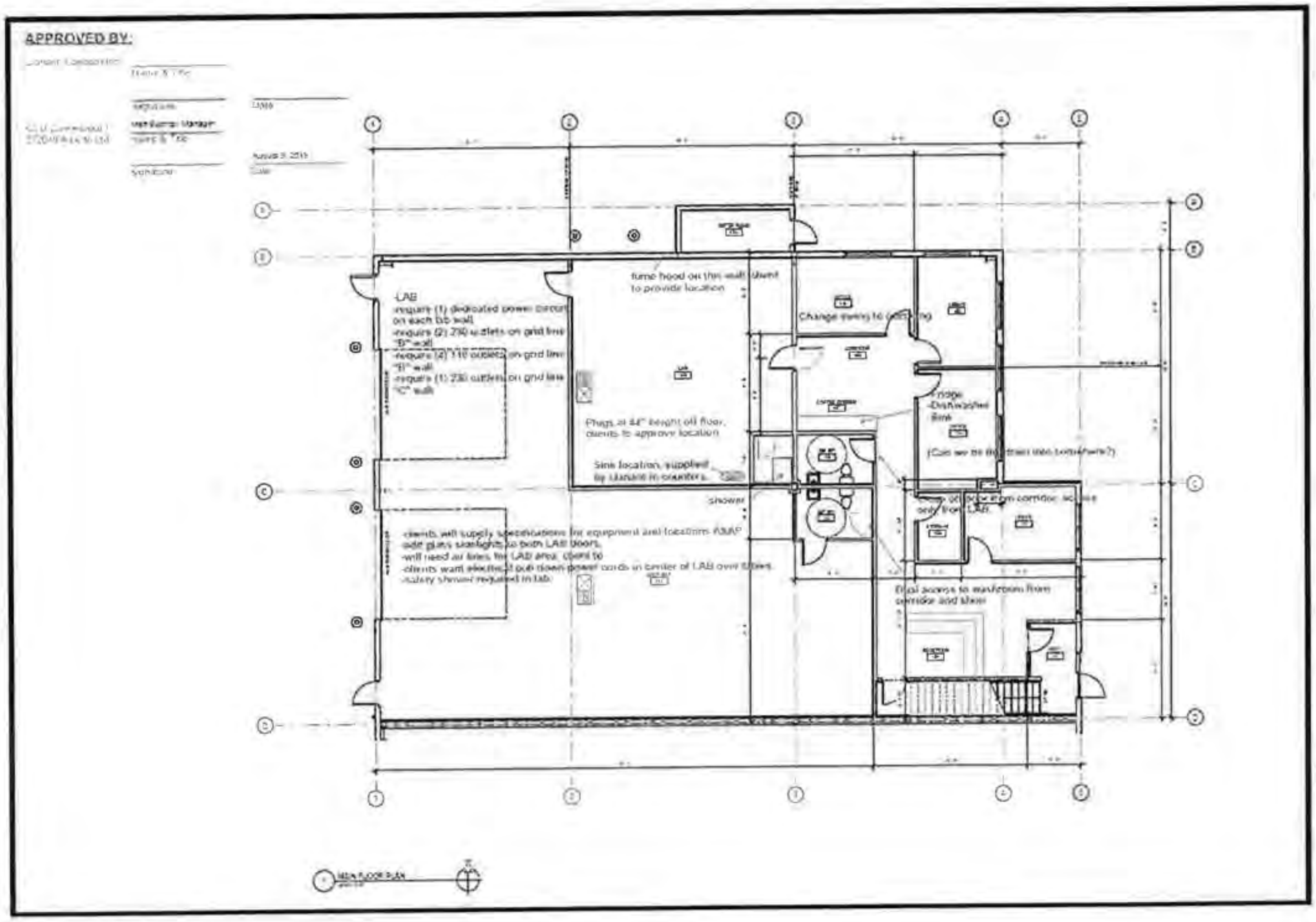
AREA CALCULATIONS SUMMARY

Code	Description	Net Size	Net Totals
GLA1	First Floor	10200.00	10290.00
	First Floor	90.00	
	Net LIVABLE Area	(rounded)	10290

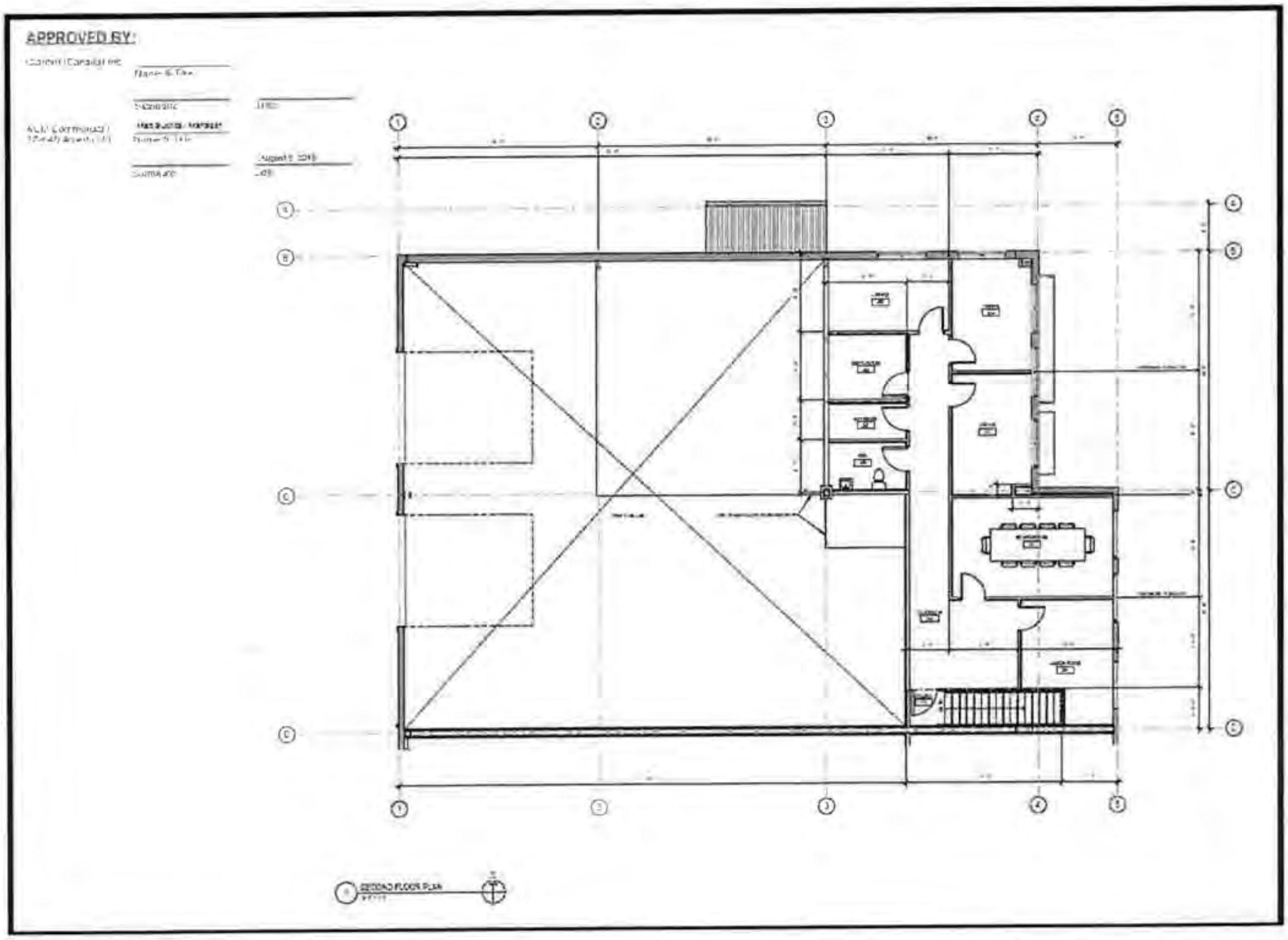
LIVING AREA BREAKDOWN

Breakdown	Subtotals
First Floor	
120.00 x 80.00	9600.00
10.00 x 60.00	600.00
6.00 x 15.00	90.00
3 Items (rounded)	10290

Clariant Main Floor Plan



Clariant Mezzanine Floor Plan



8. Sales History

Land Registry documents indicate that the subject property has not transferred since the subdivision plan was registered in July 2015. A copy of the title search is included in the addenda section of this report.

A search of the Grande Prairie MLS system shows only lease listing history for the subject property. The lease listings will be reviewed in the Income Approach section of this report. The lease listings of the property indicates that the subject property is available for sale at $3,100,000 based on shell finish. A copy of the lease listing is included below.

The appraiser is aware that the subject property was offered for sale by the developer for $726,750 or +/- $475,000 per acre prior to being developed. This is an asking price for vacant land and will be reviewed in the land valuation section of the Cost Approach.

Lease Listing (Indicates building for sale at $3,100,000 as shell in text at bottom)

101 9602 118 Street Grande Prairie, AB T8W 0C7 LP: $22.00

MLS#: **GP205688** Status: Active DOM: 86

Area: **Grande Prairie, City**

PType: **Commercial**

FKA:
Major Area: **Grande Prairie, City**
Sub-Area: **Grande Prairie, City**
Subdivision: **Centre West Business Park**
Block: 2 Lot: 3
Meridian: Range: Township:
Qtr/LSD:
Major Type: **Industrial**
Minor Type: **Industrial**
Sub-Type:
Assgn Prk: # Com Prk:
Prk/Gar Desc:
Driveway: **Paved**
Titles: **152,229,203** Lot Width:
Zoning: **IG** Lot Size: **1.53 Acres**
Lot Shape:
Lot Dim Irr:

Sale/Lease: **Lease**
Lease Type: **Net**
Plan: **1523374**
Section:
Based on Yr: **2018**
Total Prk:
Eng Prk:
RMS:
Lot Depth:
SqFt Total: **5,096**

Apr Addt Cost: **$4.90 Monthly**
Total Monthly Obligation Amount: **$13,284**

Listing Information

List Date: **2019-05-25** Disclosures: **No Disclosure** Taxes Assessed: **No** Tax Year:
Sold/Leased Date: Assessment: Tax Amount: Tax Roll:

Possession Info
Negotiable: **Yes** Immediate: **Yes** Date: # Days:

Landlord Pays: **Structural**
Tenant Pays: **Business Taxes**
Tenant Proportional Pays: **Building Insurance**

Property Information

Bldg Type	SqFt	# Flrs	Yr Blt	Age Status
Shop	**5,096**	**1**	**2018**	**New/Under Construction**

Construction: **Steel Frame** Roof:
Heating: **Forced Air, Radiant** Accessibility:

Rent Bldg: Utilities: **Electric-3 Phase**
Site Infl: **Corner Site, Fenced, Gravel Yard, High Traffic Location, Industrial Park, Shopping Nearby**
Lsehld Imp:

Door Type	Height	Width	Powered	#
Overhead	**16**	**14**	**Yes**	**2**

Remarks

Public: **Incredible shop for lease in the Centre West Business Park, allowing your business quick access to all ports of the Grande Prairie area. This shop is designed with 4,051 square feet of shop, 1,045 square feet of main floor office for a total of 5,096 sq.ft, with additional square footage possible on the second floor. The building is currently finished with asphalt parking for 22 stalls which includes 2 handicap stalls, heavy duty asphalt driveways, a fully landscaped front yard, 20' concrete aprons in the rear of the building and a fully fenced and graveled yard out back. This building has it all and for anyone looking to position their business to be seen and grow in the Grande Prairie market, this is a must see. The space can be leased as whole or demised as needed. It is also listed for sale at $3,100,000. To View call your Commercial Realtor® today.**

Office Information

List Office: RE/MAX Grande Prairie Selling Office:

9. Assessment and Taxation

Roll Number	894090
2019 Assessment	$1,721,400.00
Estimated Taxes	$34,271.02 (Estimated Using the City of Grande Prairie eServices Tax Estimator)

The subject property has been assessed for 2019 by the City of Grande Prairie. The property taxes have been estimated using the City of Grande Prairie's eServices Property Tax Estimator. The appraiser has not seen a copy of the actual assessment or tax notice. The appraiser is not aware of any local improvement charges that may be owing on the subject property in addition to the taxes calculated.

Assessment

Property Tax view

Basic Property Information

Roll Number: 894090
Civic Address:
9602 - 118 STREET T8W0M1

Roll Type: Titled
Legal Description:
P:1523374 B:7 L:3

Land Use:
IG

Property Details

Property Description: Industrial
Lot Area: 6190 Meters Squared
Subdivision: Richmond Industrial Park
Assessment: $1,721,400
Assessment Year: 2019

No Images.

Property Improvements

Improvement: 1
Size: Contact Assessment Department For Details
Year Built: 2017

No Images.

Estimated Taxes

eServices Property Tax Estimator

Property Type: Commercial / Industrial

Property Value: $1,721,400.00

Total Estimated Amount: $34,271.02

Estimated Amount	Property Factor	Property Factor Description
$27,606.44	Municipal Property Taxes	
$6,586.08	Provincial property Taxes - Education	
$78.50	Grande Spirit Foundation	

Important: The amounts stated above are estimates only. Official tax amounts are mailed to property owners in the form of a Tax Notice.

10. Zoning

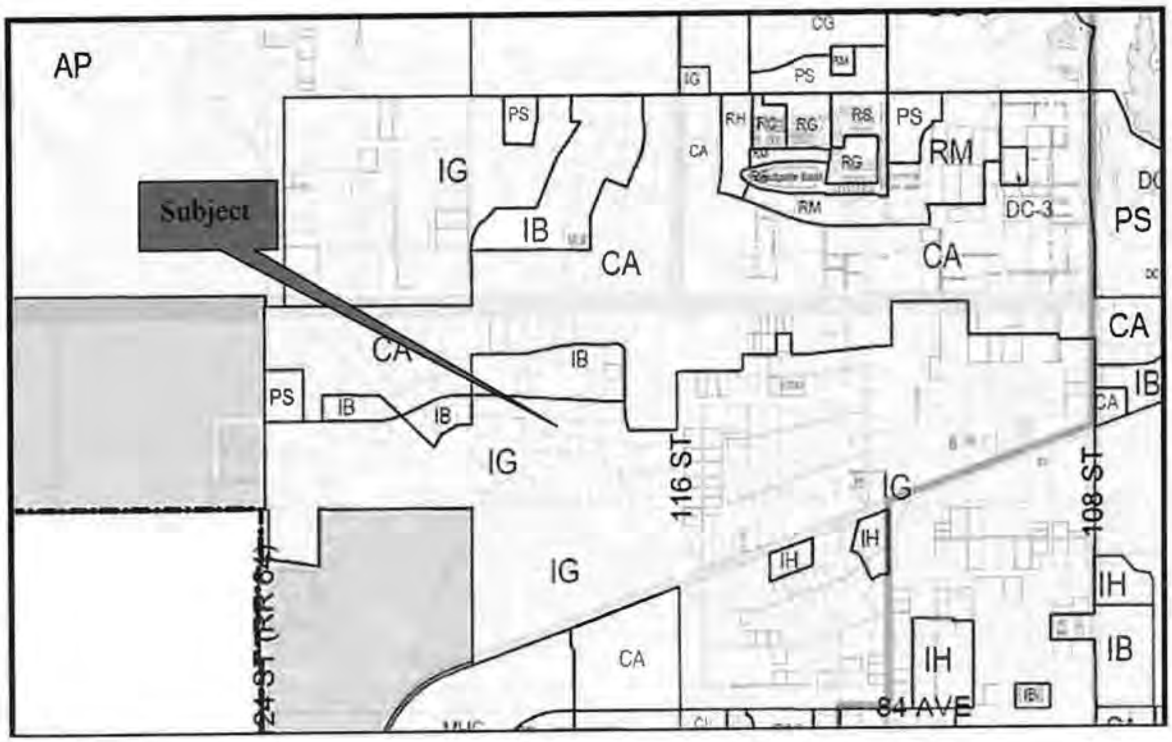
Land Use Designation - IG, General Industrial District

According to City of Grande Prairie Land Use Bylaw #C-1260, the subject is situated in an area which is zoned IG, General Industrial District. The bylaw states "The purpose of this district is to provide for industrial businesses that may carry out a portion of their operation outdoors or require large outdoor storage areas, such that no nuisance is created or apparent beyond the site." This district should generally not be located adjacent to residential districts.

A copy of the bylaw pertaining to "permitted uses" under this zoning is to be found in the Addenda portion of our report.

The subject property appears to conform to the zoning bylaw.

Land Use Map



11. Exposure Time

Exposure time is defined by the ***Canadian Uniform Standards of Professional Appraisal Practice (January 1st, 2018)*** as:

"The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal." [6]

"The overall concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable marketing effort." [7]

It should be noted that exposure time and marketing time are not the same. ***Exposure time is assumed to predate the effective date of the appraisal while marketing time is an estimate of time following the effective date of the appraisal.***

The Grande Prairie MLS system shows a range of marketing periods from less than 1 month to over a year for improved industrial parcels. Most properties sell in the 3 to 9 month range. This is considered the best gauge for the subject property. Considering the size, location and condition of the subject property the exposure time related to the estimate of value in this report is ***3 to 9 months.***

Exposure Time

City of Grande Prairie

MLS #	Location	Property Type	Sale Date	Days on Market	Months
L101672	Richmond Ind	Improved Industrial	Mar-17	261	8.70
L106908	Airport Ind	Improved Industrial	Mar-17	44	1.47
L108605	Richmond Ind	Industrial Condo	Jun-17	96	3.20
L106626	Albinati	Improved Industrial	Sep-17	239	7.97
L110303	Richmond Ind	Industrial Condo	Dec-17	202	6.73
L123722	Richmond Ind	Improved Industrial	Jul-18	81	2.70
L123722	Richmond Ind	Improved Industrial	Jul-18	192	6.40

County of Grande Prairie

MLS #	Location	Property Type	Sale Date	Days on Market	Months
L104888	Clairmont	Improved Industrial	Jan-17	26	0.87
L102525	Clairmont	Industrial Condo	Jun-17	315	10.50
L104091	Clairmont	Improved Industrial	Jul-17	260	8.67
L108878	Crossroads 53N	Improved Industrial	Sep-17	184	6.13
L119187	Clairmont	Improved Industrial	Dec-17	16	0.53
L118853	County Ind	Improved Industrial	Jan-18	85	2.83
L097142	Clairmont	Industrial Condo	Feb-18	88	2.93
L120894	Clairmont	Improved Industrial	Feb-18	37	1.23
L118850	County Ind	Improved Industrial	Feb-18	105	3.50
L117463	Clairmont	Improved Industrial	Feb-18	124	4.13
L122562	Clairmont	Improved Industrial	Mar-18	21	0.70
L117216	Clairmont	Multi Industrial	Mar-18	59	1.97
L097143	Clairmont	Industrial Condo	May-18	173	5.77

6 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P.5
7 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P.30

12. Highest and Best Use Analysis

The concept of Highest and Best Use is based on the principle or fundamental truth of human nature, that one will attempt to use any given commodity to its most productive and profitable use, to optimize the benefits of the use of the asset.

Consequently, the measurement of a property's most beneficial use, or its highest and best use, is one of the major steps in property valuation.

Canadian Uniform Standards of Professional Appraisal Practice (January 1st, 2018), defines Highest and Best Use as:

"The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value."[8]

There are five main criteria or tests for the appraiser in undertaking a Highest and Best Use analysis:

1. The use must be physically possible.
2. The use must be legally permissible.
3. The use must be probable.
4. The use must be marketable and financially feasible.
5. The use must be maximally productive.

Physically Possible Use:
In order for a use to be considered the highest and best use the use must be a physical possibility. The shape and size of the site, soil bearing capacity and topography are concerns. The infrastructure of the neighbourhood, such as water, sewer, gas and power must support the use. Other factors to consider include location and access/egress.

The subject property is a +/- 1.53 Acre Industrial lot located in a commercial and industrial development in the City of Grande Prairie. The subject property has the services, access and egress to support industrial development.

Legally Permissible Use:
The use of the property should conform to all zoning restrictions, land use regulations and to any restrictions placed upon the title. Pollution or environmental restrictions that may be in effect must also be considered. Consideration must be given to the fact that the legal use is not necessarily absolute, due to the fact that zoning bylaws may amend other land use controls such as the Official Community Plan.

The subject property is zoned for industrial development. The zoning in the area is a mix of General Industrial and commercial uses. The subject property development appears to conform to the IG zoning bylaw. The appraiser is not aware of pending or proposed changes to the existing zoning.

8 Canadian Uniform Standards of Professional Appraisal Practice. Appraisal Institute of Canada. Ottawa. January 2018. P. 7.

Probable Use:
Probability is a modifier of both the physically possible and legally permissible use. Money and time can resolve most physical and legal use limitations. The appraiser must consider the probability of change. "Probability" must be distinguished from "Possibility". When analyzing the probability of use, the concept of time is critical. An imminent change in zoning or an extension of services is given more credibility in deciding upon potential uses as opposed to the "possibility" of a change at some time in the future.

The ***Principle of Conformity*** also affects the highest and best use analysis of a property. In general, the highest and best use conclusion should conform to neighbouring uses. If light industrial uses are typical in a neighbourhood, and if this development represents the highest and best use, application of the principle of conformity helps to define the probable use in more definitive terms.

The subject property consists of an industrial zoned lot that is improved with an industrial building with office and shop areas. The subject property's development conforms to the surrounding area. As vacant, the most probable development of the subject property is for an industrial development similar to the existing development.

Financially Feasible Use:
The highest and best use of a site must be financially feasible. Each alternative use must be evaluated in terms of its financial feasibility. There are two steps used to determine financially feasible uses:

(1) Marketability
In order for a use to be considered the highest and best use, a market must exist for that use. There must be a demand for the use being considered. Such data as demographic statistics, vacancy rates and absorption rates must be analyzed, in addition to the planned and proposed developments in a particular area.

(2) Financial Analysis
Data for a financial analysis such as income and expense statements, vacancy rates, construction period, construction cost, lease-up period, etc, must be gathered. The income must be projected to occur over a finite investment horizon, and discounted using an appropriate rate to show the Net Present Value (NPV) in terms of current dollars. The use that shows the highest NPV of the subject site is normally the highest and best use.

The Grande Prairie area saw rapid industrial expansion from 2000 to 2007 which resulted in strong demand and limited vacancies. The market slowed in 2007 with minimal activity until 2010 when construction started to re-occur and was strong through 2014. The commercial/ industrial market was less active in 2015 and 2016 and picked up in 2017 and 2018. For 2019 the market seems to have leveled off with activity occurring but values and lease rates fairly similar to the past couple years.

The subject property building's design appears similar to other shop developments in the area and could be adapted to various users. There is a pending lease for 50% of the building. The subject property is considered financially feasible and marketable in the Grande Prairie market.

Maximally Productive Use:
Highest and Best Use equates to most profitable use in the context of investment value. When analyzing property as an investment, the investors' primary concern is to maximize profits. From an investor's view, the highest and best use is the most profitable use.

Central to the concept of Highest and Best Use are the ***Principles of Supply and Demand.*** It is the market that determines the price of a particular commodity, based upon the demand for and the supply of that commodity. When the demand for a particular commodity increases, so too does the price per unit of that commodity. The increase in price inevitably results in more supply, which pushes the unit price down. The point at which the demand for and the supply of a product intersect is known as market equilibrium. At this point, any increase in supply results in lower per unit price, and any decrease in supply results in higher per unit price.

For a highest and best use analysis, the principles of supply and demand will determine those uses that are financially feasible as well as which use is the most maximally productive.

In applying these factors, we find that an industrial use conforming to the zoning bylaws and the surrounding area is the highest and best use for the subject property as if vacant.

As improved the highest and best use of the subject property is for an industrial use similar to the planned use.

13. Valuation Approaches

The valuation process involves application of one or more of the three generally accepted real estate appraisal methods known as;

- The Cost Approach;
- The Income Approach; and
- The Direct Comparison Approach.

Each approach relies on the analysis of market factors, such as the ability of the property to generate an income stream, market desirability, and physical utility. A brief overview of each approach is provided below.

The Cost Approach involves an estimate to reproduce or replace the improvements, including all direct (hard) costs, indirect (soft) costs, and entrepreneurial profit. Deductions are then made for physical deterioration, functional depreciation or external depreciation. The depreciated value of the improvements is then added to the land value, as if vacant, to provide an estimate of value for the subject property.

The Income Approach to value is the capitalization of the income stream at a rate consistent with the market. This approach is based on the premise that value is the present worth of anticipated future income benefits. It is applicable to income producing property and is practical in the valuation of properties for which a rental market value can be identified.

The Direct Comparison Approach to value is based on comparison of the subject property with similar properties that have recently sold, with similar market features. This approach relies on the premise that an open competitive market would determine a price for the subject property in the same manner that it determines the prices of comparable, competitive properties.

Appropriate Valuation Approach (es)
While all three approaches are considered in most real estate valuations, all are not applicable to every property. ***In this particular case all three approaches will be applied.***

14. Cost Approach

The steps involved in the Cost Approach are:

1. Estimate land value as if vacant;
2. Estimate the current cost to reproduce site improvements with similar utility to the subject improvements, including any site preparation work required and including entrepreneurial profit;
3. Estimate the accrued depreciation based on the appropriate method;
4. Add the site value to the depreciated improvement value for the final estimate of value.

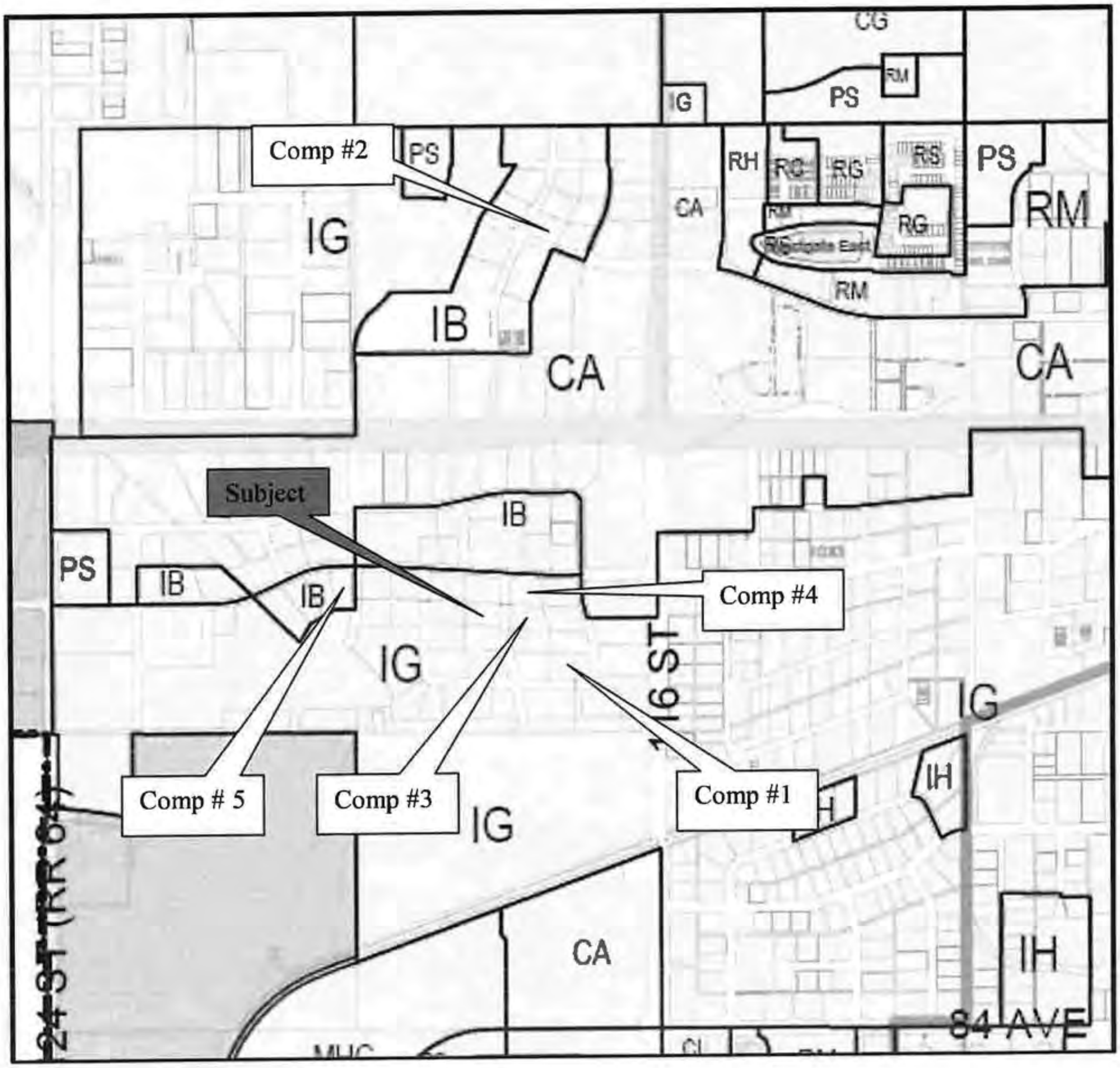
Land Value

The *Direct Comparison Approach* is the most common method for estimating the value of vacant property. The premise is that an informed purchaser would not pay more for a property than the cost of acquiring one of equal utility on the open market. The most weight is placed on actual sales of similar properties made as close as possible to the date of the appraisal, and under comparable conditions.

The supply of similar industrial lots within the City of Grande Prairie is extremely limited and the industrial areas are almost entirely built up. The following sales are considered representative of the general market. The conclusion of the appraiser is not based entirely upon these sales, but rather on all market data available, including but not limited to those set out in this report.

On the following pages are a vacant Comparable sales map, an adjustments chart and a summary of the adjustments applied, with an estimation of the subject property land value as if vacant.

Vacant Comparable Sales Map



Vacant Comparable Sales

Comparable #	# 1	# 2	# 3	# 4	# 5	SUBJECT
Location	9402 - 117 Street, Centre West	11706 - 104th Avenue, Westgate West	9601 - 118th Street, Centre West	9605 - 118th Street, Centre West	12001 - 97th Avenue, Vision West	9602 - 118 Street, Centre West
Legal	Lot 4, Block 3, Plan 062-5015, NE 21, Twp 71, R 6, WM	Lot 8, Block 5, Plan 162-0028, SE 28, Twp 71, R 6, W6M	Lot 7, Block 3, Plan 152-3374, NE 21, Twp 71, R 6, W6M	Lot 8, Block 3, Plan 152-3374, NE 21, Twp 71, R 6, W6M	Lot 1, Block 3, Plan 094-0787, NW 21, Twp 71, R 6, W6M	Lot 3, Block 7, Plan 152-3374, NE 21, Twp 71, R 6, WM
Sale Date	August-19	February-19	November-18	February-18	December-18	Listing
Sale Price	$868,500	$750,000	$710,000	$755,000	$650,000	$726,750
Size (Square Feet)	84,071	65,776	67,518	62,726	56,192	66,647
Size (Acres)	1.93	1.51	1.55	1.44	1.29	1.53
Zoning	IG	IB	IG	IG	IB	IG
Price/ Square Foot	$10.33	$11.40	$10.52	$12.04	$11.57	$10.90
Price/ Acre	$450,000.00	$496,688.74	$458,064.52	$524,305.56	$503,875.97	$475,000.00
Remarks	Pending Private Sale	Corner Lot in Westgate West	Lot sold to Owner of Adjacent Lot	Land size net lift station	Corner Lot in Centre West	Developer's Listing
Adjustments						
Time	0%	0%	0%	0%	0%	---
Adjusted Price per Acre:	$450,000.00	$496,688.74	$458,064.52	$524,305.56	$503,875.97	---
Location	0.00%	0.00%	0.00%	-10.00%	-10.00%	---
Zoning	0.00%	0.00%	0.00%	0.00%	0.00%	---
Utility/ Improvements	0.00%	0.00%	0.00%	0.00%	0.00%	---
Size	0.00%	0.00%	0.00%	0.00%	0.00%	---
Total Adjustment	0%	0%	0%	-10%	-10%	---
Adjusted Price per Acre:	**$450,000.00**	**$496,688.74**	**$458,064.52**	**$471,875.00**	**$453,488.37**	---

The Adjusted Comparables support a range from **$450,000.00** per Acre to **$496,688.74** per Acre and a Mean of **$466,023.33** per Acre and a median of **$458,064.52** per Acre

Reconciliation of Value Estimate

Time:
The comparables sales quoted are recent sales in the subject property neighbourhood and are considered representative of the current market; no adjustments for time are required.

Location:
Each of the Comparables was adjusted as required for location based on access and egress, exposure, surrounding development and demand.

Zoning:
The Grande Prairie market has not shown a premium for zoning between parcels with similar locations. The comparables were adjusted for location, no adjustments for zoning were applied to ensure no double counting.

Utility and Improvements:
The Comparables are vacant parcels available for development to their highest and best use, no adjustments were applied.

Size:
The principle of Increasing and Decreasing Returns affirms that as parcel sizes increase the price per unit (per acre) tends to decrease. Recently the Grande Prairie market has not shown a size adjustment in the +/- 1 to 5 acre range. No adjustments for size were applied.

Conclusions:
The adjusted Comparables indicate a value range from $450,000.00 per acre to $496,688.74 per acre with a mean (average) of $466,023.33 per acre and a median (midpoint) of $458,064.52 per acre for the subject property.

Based on the study carried out and after giving consideration to size, condition, location and overall utility, along with current market trends, a value in the range of mean and median of the adjusted comparables of $465,000.00 per acre is considered well supported by the general market. The subject property land value is estimated as follows;

+/- 1.53 Acres @ $465,000.00 per Acre = $711,450.00

Rounded to $711,000.00

The developer listing of the vacant land as shown in Section 8 at $475,000 per acre from November 2015 appears supported by the comparables.

Improvement Valuation

Replacement Cost New:

The replacement cost method has been used to estimate the value if the improvements. Replacement cost is the present cost of replacing the improvement with one of similar utility with today's materials and technical methods. Costing rates to estimate construction costs have been obtained using the Marshall & Swift Valuation Service.

Costs in the Calculator Section include (Section 1, Page 3);

1) Architect and engineer's fees (plans, plan check, nominal building permits and surveying),
2) Normal interest on the building only during construction including processing fees and service fees,
3) All material and labour costs including taxes and GST,
4) Normal site preparation including finish, grading, excavation for foundation and back fill for the structure only,
5) Utilities from structure to lot line based on typical setback, and
6) Contractor's overhead and profit including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security etc.

The costs in the Calculator Section do not include;

1) Costs of buying or assembling land, legal fees, property taxes, right of way costs, demolition, storm drains, or rough grading,
2) Pilings or hillside foundations, soil compaction, vibration or terracing,
3) Costs of land planning, preliminary concept and layout of large developments inclusive of entrepreneurial incentives or developer's overhead and profit,
4) Discounts or bonuses for financing,
5) Yard improvements including septic systems, signs, landscaping, paving, walls and yard lighting,
6) Off-site costs including roads, utilities, jurisdictional hook up etc.
7) Furnishing and fixtures not typically found in a general contract,
8) Marketing costs, and
9) General Contingency Reserve

Depreciation:

Depreciation is charged on a current basis and the result is an estimate of the present worth of the structure as of the date of the appraisal. Depreciation falls into 3 basic categories Physical Depreciation, Functional Depreciation, and External Depreciation.

Physical Depreciation

The physical life of the property is often longer than its economic life. The economic life is the period over which a property will yield both a return on, and a recapture of, the investment. Depreciation of buildings normally bought and sold in the market, such as Industrial buildings, may be accelerated by competition.

Physical depreciation has been applied based on the depreciation tables in the Marshall & Swift manual.

Functional Depreciation

Functional Depreciation is a loss in utility (value) due to the inability of any component part of the structure or any item of equipment to perform its proper function according to today's standards and requirements.

The design of the subject property building is considered to be flexible and could be adapted to a number of different uses and users. The subject property is considered to be functional; no adjustment for functional depreciation is required.

External Depreciation
External Depreciation results from a negative influence away from the property. External Depreciation can be localized in nature due to proximity to a negative influence such as a railway in a residential neighbourhood. External Depreciation can also affect an overall town or regional area due to items such as high unemployment, or overbuilding followed by depressed occupancies and average rates.

The subject property is located in a developing area of compatible uses; there is no external depreciation to consider.

Following is a breakdown of the Cost Approach using the Marshall & Swift method.

Marshall & Swift Cost Calculator Form

1. Subscriber making survey Plant & Associates Appraisal Services Inc.
2. Name of building Centre West Clariant Building
3. Located at 9602 - 118th Street, Grande Prairie, AB

	S14 - P15
4. Occupancy:	S-495
5. Building class and quality:	Cls. S Qual. Ave
6. Exterior wall:	Steel Frame
7. No. of stories & height per story:	No. 1 Ht. 28
8. Total floor area:	10,290
9. Total perimeter:	432
10. Age and condition:	New
	Cond.: Good
11. Region : Western X Central Eastern	
12. Climate: Mild Moderate Extreme X	
	SECTION I
13. Base square foot cost:	$103.00
SQUARE FOOT REFINEMENTS	
14. Heating, cooling, ventilation:	$6.65
15. Office finish over/ under base:	$17.66
16. Miscellaneous: (Office Mezzanine, Partition Wall)	$24.49
17. Total lines 13 through 16:	$151.80
HEIGHT AND SIZE REFINEMENTS	
18. Number of stories - multiplier:	1.000
19. Height per story - multiplier (see Line 7):	1.331
20. Floor area/perimeter multiplier (see Lines 8 and 9):	1.004
21. Combined height and size multiplier (Lines 18 x 19 x 20)	1.336
FINAL CALCULATIONS	
22. Refined square foot cost (Line 17 x 21):	$202.79
23. Current cost multiplier (Sect. 99 p. 3):	1.05
24. Local multiplier (Sect. 99, pp. 5 through 10):	1.27
25. Final sq.ft. cost (Line 22 x Line 23 x Line 24):	$270.42
26. Area (back of this form):	10,290
27. Line 25 x Line 26:	$2,782,577.03
28. Lump sum:	
29. Replacement cost (Line 27 + Line 28):	**$2,782,577.03**
30. Depreciation % (Section 97):	0.00%
31. Depreciation amount (Line 29 x Line 30):	$0.00
32. Depreciated cost (Line 29 - Line 31):	**$2,782,577.03**

Cost Approach Summary

Size:		10,290	Sq. Ft.
Chronological:		New	
Effective Age:		New	
Life Expectancy:		50	Years
Remaining Economic Life:		50	Years
REPLACEMENT COST OF BUILDING:			**$2,782,577.03**
LESS ACCRUED DEPRECIATION:			
(BASED ON MARSHALL & SWIFT DEPRECIATION TABLES):	0.00%		**$0.00**
TOTAL DEPRECIATED BUILDINGS:			**$2,782,577.03**
PLUS YARD & MISC. IMPROVEMENTS:			
2 Approaches, Fencing, Yard Gravelling, Site Prep & Storm Water:		**$150,000.00**	
Asphalt & Concrete +/- 24,000 Sq. Ft. & Fencing		**$110,000.00**	**$260,000.00**
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS:			**$3,042,577.03**
PLUS ESTIMATED LAND VALUE:			**$711,000.00**
TOTAL INDICATED VALUE VIA COST APPROACH:			**$3,753,577.03**
ROUNDED TO:	**$3,754,000.00**		

* Yard and Miscellaneous Improvements are valued based upon overall contribution to market value and not necessarily cost.

The value of the subject property is estimated at $3,754,000.00 via the Cost Approach.

15. Income Approach

The income approach is based on the premise that market value for an income producing property can be determined by the relationship between the projected annual net income and property market value (e.g. sale price of Comparable properties). This relationship is determined by:

1. Analyzing the relationships between sale prices and net operating income of comparable properties to determine a market capitalization rate or cap rate.
2. Comparing the subject property income and expense items to typical norms or ranges of income and expense items for similar properties to produce a stabilized annual net income for the subject.
3. Applying the market derived cap rate (e.g. capitalizing) to the subject property's stabilized annual net operating income to determine the final estimate of value.

Economic Rental Rate Analysis

The subject property has no leasing history however the north bay has a pending lease to Clariant (Canada) Inc. subject to completion of the interior buildout which is to include a +/- 1,660 Sq. Ft. office front, +/- 3,440 Sq. Ft. of shop and lab space and a +/- 1,590 Sq. Ft. office finished mezzanine. The lease is summarized as follows;

Tenant	Area	$/ Sq Ft	$/ Annum	Type	Term	Remarks
Clariant (Canada) Inc.	5,100	$26.89	$137,145.00	Triple Net	Year 1	Triple Net
	5,100	$27.55	$140,490.00	Triple Net	Year 2	Triple Net
	5,100	$28.20	$143,835.00	Triple Net	Year 3	Triple Net
	5,100	$28.86	$147,180.00	Triple Net	Year 4	Triple Net
	5,100	$29.51	$150,525.00	Triple Net	Year 5	Triple Net
Average for Term	**5,100**	**$28.20**	**$143,835.00**			
Rental Rate Based on Entire Area	6,690	$21.50				

The pending lease indicates an average rental rate of +/- $28.20 per Sq. Ft. (based on the main floor area of +/- 5,100 Sq. Ft.) over the 5 year term (after an initial 3 month free rent period). The face rate of the lease is +/- $21.50 per Sq. Ft. (triple net) over the 5 year term based on the entire rentable area (main floor and mezzanine) of +/- 6,690 Sq. Ft. Portions of the lease are included in the addenda section of this report, a full copy is kept on file.

The south bay is available for lease and is advertised at $22.00 per Sq. Ft. (triple net) based on shell finish as shown below.

- Note our valuation is based on this unit being finished with an office finished mezzanine space.

101 9602 118 Street Grande Prairie, AB T8W 0C7 LP: $22.00

MLS®: GP205688 Status: Active DOM: 88

Area: Grande Prairie, City

PType: Commercial

PK A:
Major Area: Grande Prairie, City
Sub-Area: Grande Prairie, City
Subdivision: Centre West Business Park
Block #: 7 Lot: 3
Meridian: Range: Township:
Qtr/LSD:
Major Type: Industrial
Minor Type: Industrial
Sub-Type:
Asgn Prk: # Com Prk:
Prk/Gar Desc:
Driveway: Paved
Titles: 152,229,263 Lot Width:
Zoning: IG Lot Size: 1.53 Acres
Lot Shape:
Lot Dim Irr:
Apr Addt Cost: $4.90 Monthly
Total Monthly Obligation Amount: $13,284

Sale/Lease: Lease
Lease Type: Net
Plan: 1523374
Section:
Based on Yr: 2018
Total Prk:
Chg Prk:
RMS:
Lot Depth:
Sqfs Total: 5,096

Listing Information

List Date: 2019-05-25 Disclosures: No Disclosure Taxes Assessed: No Tax Year:
Sold/Leased Date: Assessment: Tax Amount: Tax Roll:

Possession Info
Negotiable: Yes Immediate: Yes Date: # Days:

Landlord Pays: Structural
Tenant Pays: Business Taxes
Tenant Proportional Pays: Building Insurance

Property Information

Bldg Type	Sqft	# Flrs	Yr Blt	Age Status
Shop	5,096	1	2018	New/Under Construction

Construction: Steel Frame Roof:
Heating: Forced Air, Radiant Accessibility:
RentEquip: Utilities: Electric-3 Phase
Site Infl: Corner Site, Fenced, Gravel Yard, High Traffic Location, Industrial Park, Shopping Nearby
Lsehld Imp:

Door Type	Height	Width	Powered	#
Overhead	16	14	Yes	2

The subject property will be valued based on economic rental rates as determined by market comparables. In Alberta leasing data is not part of the public domain. Market participants tend to be reluctant to reveal lease information and therefore in some cases the appraiser has relied on verbal information from sources believed reliable. Economic rental data has been compiled based on verbal interviews, a review of Grande Prairie MLS system and from lease data on file. The Comparable leased properties below are considered representative of the general market.

Market Lease Rate Comparables						
NUMBER:	# 1	# 2	# 3	# 4	# 5	Subject
MLS #	Private	GP200767	Private	Private	GP129968	- - -
LOCATION:	Westmount North, Clairmont	112 Avenue	Centrewest	Vision West	Westmount North, Clairmont	Centre West
SIZE:	11,244	6,300	5,040	21,158	5,500	10,200
AGE:	New	25 Years Eff	New	New	3 Years	New
RENT/SQ.FT.:	$24.85	$19.00	$29.48	$22.00	$24.00	- - -
INDICATED ANNUAL RENT:	$279,378	$119,700	$148,579	$465,476	$132,000	- - -
LEASE DATE:	Apr-18	Jun-19	2018	May-19	Sep-18	- - -
LAND SIZE:	3.46	0.52	Share	1.92	2.30	1.53
SITE COVERAGE RATIO:	7.46%	27.81%	N/A	25.30%	5.49%	15.30%
REMARKS:	2,294 Sq Ft Office 3 Drive thru Bays 10 Ton Crane Office Mezz, Wash Bay	300 Sq. Ft. Office 4 Bays Good Exposure	Office 3,345 Sq. Ft. Shop Good Exposure	2,418 Sq Ft Office 18,740 Sq. Ft. Warehouse Paved Parking, Loading Ramp, Good Exposure	Small office 2 Drive Thru Bays Storage Mezz over Office	3,320 Sq Ft Office 6,880 Sq. Ft. Shop Paved Parking, Office Mezz Duplex Design

Rent Analysis

The Comparables shown above are considered representative of leased properties in the Grande Prairie area. The lease rates indicate a market range from +/- $19.00 per Sq. Ft. to +/- $29.48 per Sq. Ft. (triple net). The subject property is to be fully finished. The pending lease to Clariant (Canada) Inc falls in the range of the market comparables and the shell finished MLS listing for the southern bay falls in the range of the comparables.

We have also considered the subject property from the prospective of a typical investor. As a general rule the lease payment for improved parcels is +/- 8% to 11% per year of the overall cost. The value of subject property via the Cost Approach was estimated at $3,754,000. The indicated annual overall lease payment for the subject property ranges from +/- $300,320.00 to +/- $412,940.00 or $29.19 to $40.13 per Sq. Ft. (triple net) based on the main floor leasable area of +/- 10,200 Sq. Ft.

After reviewing the lease data available and considering the overall trend of the general market the economic lease rates for the subject property are estimated as follows;

1) For the north Clariant (Canada) Inc. the contract rental rate of $28.20 per Sq. Ft (triple net) based on the main floor leasable area of +/- 5,100 Sq. Ft. This lease is equivalent to $21.50 per Sq. Ft. when applied to the combined mainfloor and mezzanine square footage of +/- 6,690 Sq. Ft.
2) For the vacant south bay the economic rental rate is estimated at $28.20 per Sq. Ft (triple net) based on the main floor leasable area of +/- 5,100 Sq. Ft. This lease is equivalent to $21.50 per Sq. Ft. when applied to the combined mainfloor and mezzanine square footage of +/- 6,690 Sq. Ft. These lease rates include the use of the underlying land area.

Gross Lease: *An agreement in which the tenant pays rent only, the landlord is responsible for all expenses related to the leased premises.*
Single Net Lease: *An agreement where the tenant pays rent and certain expenses related to the leased premises.*
Triple Net Lease: *An agreement where the tenant pays rent as well as maintenance, operating expenses, property taxes and insurance.*

Vacancy and Collection Loss Analysis

The next step in the Income Approach involves subtracting an allowance for Vacancy and Credit loss from the Gross Income. The City of Grande Prairie has commissioned The Network Real Estate Intelligence to complete vacancy surveys in July for the past 10 years. The following vacancy rates were reported over the most recent 5 years;

City of Grande Prairie Vacancy Overview						
	July 2014	July 2015	July 2016	July 2017	July 2018	Increase (Decrease) Versus 2017
Office	**4.00%**	**4.92%**	**6.36%**	**9.63%**	**5.69%**	-3.94%
Overall Industrial	**2.24%**	**3.67%**	**8.38%**	**5.81%**	**3.32%**	-2.49%
Single Tenant	2.06%	3.63%	6.89%	4.05%	3.29%	-0.76%
Multi - Tenant	2.70%	3.77%	12.53%	10.86%	3.40%	-7.46%
Overall Retail	**5.06%**	**2.94%**	**3.93%**	**4.14%**	**6.54%**	2.40%
Shopping Centres	8.31%	5.76%	5.99%	7.62%	13.24%	5.62%
Free Standing Retail	2.13%	0.48%	4.14%	2.09%	5.57%	3.48%
Downtown	2.16%	1.02%	3.38%	3.72%	3.03%	-0.69%
Big Box	5.10%	2.11%	1.42%	1.42%	0.13%	-1.29%

The subject property is an industrial building in an area of similar development. The current overall vacancy for industrial space is reported at 3.32% with single tenant at 3.29%. The vacancy rate surveys are summarized below.

Vacancy Summary of the Past 5 Years				
	Low	High	Median	Mean
Office	**4.00%**	**9.63%**	**5.03%**	**5.99%**
Overall Industrial	**2.24%**	**8.38%**	**3.67%**	**4.60%**
Single Tenant	2.01%	6.89%	3.63%	3.73%
Multi - Tenant	2.70%	12.53%	5.15%	7.00%
Overall Retail	**2.94%**	**6.22%**	**4.14%**	**4.46%**
Shopping Centres	5.76%	8.31%	6.30%	6.80%
Free Standing Retail	0.48%	4.14%	2.13%	2.43%
Downtown	1.02%	8.14%	3.38%	3.68%
Big Box	1.42%	6.96%	2.11%	3.40%

After considering the present economic climate and the location, quality and the design of the subject property as well as the long term leases in place, a long term stabilized vacancy rate and credit loss of 3% is believed applicable for the subject property.

Operating Expense Analysis

Typical operating expenses for commercial or industrial buildings such as heat, power and property taxes are paid by the tenant. Depending on the property and the lease agreement the owner of the property may be responsible for management fees and structural maintenance.

The Grande Prairie market has typical management fees ranging around +/- 5% to 8% of the effective gross income. For most newer and single tenant properties the management fee (if any) is included in the tenant's triple net fees. The appraiser is not aware of any management fees for the subject property.

For valuation purposes we have applied a 2% management fee to recognize the potential for a management fee in the future that the owner may be responsible for.

Structural maintenance typically increases as a property ages. The subject property has been estimated to have an overall economic life of 50 years. We have estimated structural maintenance on a stabilized basis at 1% per year.

Calculation of Net Operating Income

PROFORMA						
GROSS INCOME BUILDING:						
5,100	Sq. Ft. @	$28.20	/ Sq. Ft.	$ 143,820.00		
5,100	Sq. Ft. @	$28.20	/ Sq. Ft.	$ 143,820.00		
					$	287,640.00
LESS:	Vacancy & Collection Loss			3.0%	$	8,629.20
EFFECTIVE GROSS INCOME:					$	279,010.80
EXPENSES:						
Management:			2%	$ 5,580.22		
Structural Maintenance:			1%	$ 2,790.11		
TOTAL EXPENSES:					$	8,370.32
NET OPERATING INCOME BUILDING:					$	270,640.48

Derivation of the Capitalization Rate

The Overall Capitalization Rate (R_o) is defined as an income rate for the total property that reflects the relationship between a single year's net operating income expectancy or the annual average of several years income expectancies and total price or value. [9]

When deriving a capitalization rate the preferred method is based on comparison from comparable sales of equal attractiveness or utility on the open market. The greatest weight is placed on actual sales of similar properties made relatively concurrent with the date of the appraisal, and under comparable conditions. The following sales are considered representative of the general market for industrial properties in Grande Prairie and indicate a market Capitalization Rate range that is considered typical for the area.

CAPITALIZATION RATE COMPARABLES

LOCATION	TYPE	DATE OF SALE	SALE PRICE	NOI	CAP. RATE
Crossroads North	Industrial	February 2018	$1,800,000	$113,979	6.33%
McRae Industrial	Multi- Tenant Ind	March 2018	$2,100,000	$200,134	9.53%
Richmond Industrial	Industrial	June 2018	$950,000	$67,745	7.13%
Richmond Industrial	Multi- Tenant Ind	September 2018	$4,400,000	$354,569	8.06%
Richmond Industrial	Multi- Tenant Ind	October 2018	$3,842,500	$323,778	8.43%
Richmond Industrial	Multi- Tenant Ind	October 2018	$920,700	$71,516	7.77%
Richmond Industrial	Multi- Tenant Ind	October 2018	$1,187,200	$93,120	7.84%
Resources Industrial	Multi- Tenant Ind	October 2018	$1,599,000	$148,992	9.32%
Richmond Industrial	Multi- Tenant Ind	October 2018	$2,674,800	$226,282	8.46%
Richmond Industrial	Multi- Tenant Ind	October 2018	$1,550,600	$109,509	7.06%
Richmond Industrial	Multi- Tenant Ind	October 2018	$2,083,600	$174,991	8.40%
Richmond Industrial	Multi- Tenant Ind	October 2018	$1,550,600	$120,684	7.78%
The Overall Capitalization Rates range from		**6.33%**	to	**9.53%**	
with a mean (average) of	**8.01%**	and a median (midpoint) of		**7.95%**	

9 American Institute of Real Estate Appraisers. The Dictionary of Real Estate Appraisal. Chicago. 1984. P. 220.

Analysis

The above sales represent a general cross section of commercial properties in the Grande Prairie area market. Most properties tend to sell with a Capitalization Rate in the range of 6% to 10%. Properties that sell below 7% tend to be REIT type investments purchasing newer multi-national tenant properties with long term leases. Properties selling over a 10% Capitalization Rate tend to be older properties nearing the end of their economic life or properties with substantial vacancy. Over the past several years there has been an overall downward trend in Capitalization Rates.

The Capitalization Rate is considered a reflection of the risk of an investment. The Capitalization rate tends to fluctuate based on an investors perception of the potential future returns.

The subject property is newer than the capitalization rate comparables in the chart on the previous page. Considering the location, age and condition of the subject property along with the pending lease, the Capitalization Rate based on Market Comparables is estimated at the lower end of the market range 7.25%.

Direct Capitalization

The value of the subject via the Income Approach is determined by applying the following formula using the Net Operating Income (NOI) and the Capitalization Rate (R_o) as shown below. This formula is applied by dividing the stabilized Net Operating Income by the Capitalization Rate.

Value = NOI/ R_o

		CAPITALIZATION		
Therefore:	**NOI**	**Value**	**$270,640.48**	**$3,732,972.08**
	CAP. RATE		**7.25%**	
			Rounded to	**$3,733,000.00**

The value of the subject property is estimated at $3,733,000.00 via the Income Approach.

16. Direct Comparison Approach

Overview

The Direct Comparison Approach is a process by which the market value of a property is derived by analyzing the market for similar properties that have sold and then comparing these properties to the subject property. This approach to value looks at the differences in the legal, physical, location, and economic characteristics of comparable sales in relation to the subject, in addition to differences in the property rights transferred, sale dates, motivation, and financing terms.

The Direct Comparison Approach is applied by examining recent sales of properties, which are similar to the subject property and making adjustments to the sale prices to account for differences, where appropriate. The adjusted sale prices or value estimates are then analyzed (reconciled) to arrive at a final value indication for the subject property.

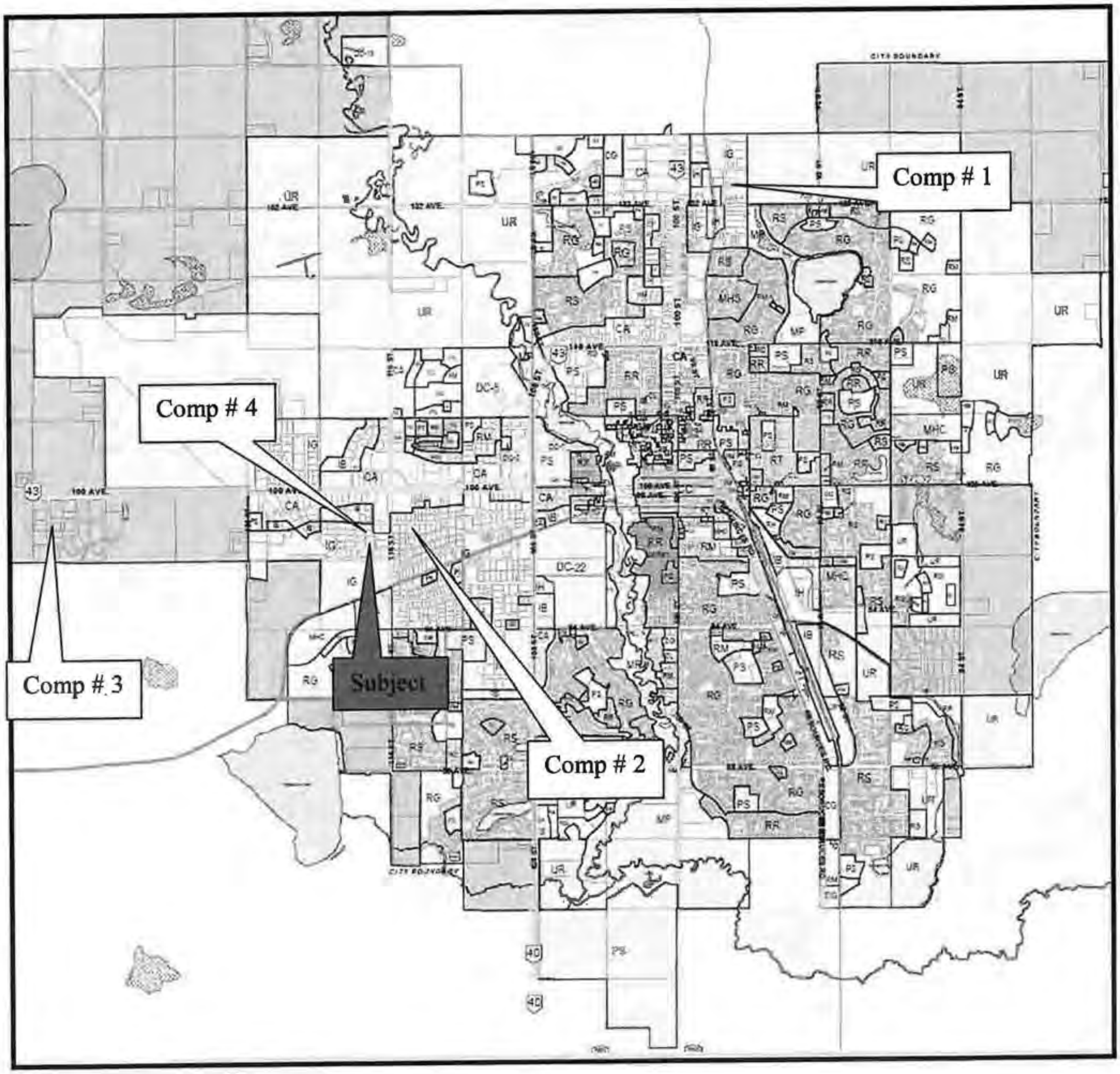
The final step in the valuation process is to consider the relative strength of the value estimate from each approach applied, determine which should be given the most weight, supported by one or more of the other approaches, in arriving at a final estimate of value for the subject property.

The appraisal principles of Supply and Demand, Substitution, Balance, and Externalities, together with the concepts of Anticipation and Change, are all factors in the Direct Comparison Approach.

Comparable Sales

In selecting sales data for our valuation, sales were chosen which are considered typical for the industrial market in Grande Prairie. The Comparables are not identical to the subject property but they are similar and set out the general range in values that the Grande Prairie market is operating in. It should be understood that the conclusion is not based entirely upon these sales, but rather on all market data available, including but not limited to those set out in this report.

Improved Comparable Sales Map



Comparable Sales Information

Comparable #1 **13515 – 97th Street, City of Grande Prairie, Alberta**

Legal Description:	Lot 10, Block 1, Plan 032-4982, Southwest Section 1, Township 72, Range 6, W6M
Sale Date:	March 2018
Sale Price:	$1,800,000.00
MLS Number:	L106626
Registration Number:	182-064-158
Building Size:	+/- 6,000 Sq. Ft. *Plus +/- 1,500 Sq. Ft. Office Mezzanine*
Price per Sq. Ft.:	$300.00
Land Size:	+/- 1.50 Acres
Site Coverage Ratio:	9.18%
Zoning:	IG, General Industrial District
Age:	8 Years (Effective)
Construction:	Steel Frame
Condition:	Good
Services:	Full Municipal Services
Remarks:	Shop and yard in the Albinati Industrial Park 5 Ton Crane

Comparable #2 **11419 to 11455 – 98th Avenue, City of Grande Prairie, Alberta**

Legal Description:	Lots 3, 4 & 5, Block 7, Plan 782-2679, West Section 22, Township 71, Range 6, W6M
Sale Date:	August 2018
Sale Price:	$4,400,000.00
MLS Number	Private
Registration Number	182-236-040
Building Size:	Office: +/- 10,994 Sq. Ft. Shop: +/- 18,869 Sq. Ft. Electrical Room: +/- 72 Sq. Ft. Total Area: +/- 29,935 Sq. Ft. *Plus +/- 11,650 Sq. Ft. Office Mezzanine* *Plus +/- 1,333 Sq. Ft. Storage Mezzanine*
Price per Sq. Ft.	$146.99
Land Size:	+/- 2.48 Acres (108,000 Sq. Ft.)
Site Coverage Ratio:	27.72%
Zoning:	IG, General Industrial District
Age:	25 Effective
Construction:	Steel Frame
Condition:	Average
Services	Gas, Telephone, Electrical, Water & Sewer
Remarks	Sale of a Multi-tenant Building in the Richmond Industrial Park.

Comparable #3 **40, 713068 – Range Road 65, City of Grande Prairie, Alberta**

Legal Description:	Lot 1, Block 3, Plan 022-7704, Northeast Section 19, Township 71, Range 6, W6M
Sale Date:	February 2019
Sale Price:	$2,845,000.00
MLS Number	Private
Registration Number	192 034 981

Building Size:					
	Office Area:	+/-	2,732	Sq. Ft.	23.69%
	Shop Area:	+/-	8,800	Sq. Ft.	76.31%
	Total Area:	+/-	11,532	Sq. Ft.	100.00%
	Mechanical Mezzanine:	*+/-*	*210*	*Sq. Ft.*	
	Office Mezzanine:	*+/-*	*830*	*Sq. Ft.*	

Price per Sq. Ft.	$246.70
Land Size:	2.97 Acres
Site Coverage Ratio:	8.91%
Zoning:	RM-1, Rural Light Industrial District
Age:	8 Effective
Construction:	Steel
Condition:	Good
Services	Electricity, Telephone & Natural Gas Private Water and Septic
Remarks	Single tenant industrial building with wash bay and a 4' by 50' service pit.

Comparable #4 **9602 – 117th Street, Grande Prairie, Alberta**

Legal Description:	Lot 2, Block 3, Plan 062-5015, Northeast Section 21, Township 71, Range 6, W6M
Sale Date:	July 2018
Sale Price:	$2,245,000.00
MLS Number	Private
Registration Number	182-196-971
Building Size:	Shop Area: +/- 8,400 Sq. Ft. Office: +/- 2,400 Sq. Ft. Total Area: +/- 10,800 Sq. Ft. *Plus Office Finished Mezzanine: +/- 2,220 Sq. Ft.*
Price per Sq. Ft.	$207.87
Land Size:	1.62 Acres
Site Coverage Ratio:	15.30%
Zoning:	IG, General Industrial District
Age:	5 Years (Effective)
Construction:	Steel Frame
Condition:	Average
Services	Full Municipal Services
Remarks	Sale of a Duplex Shop and Office Building in Centre West

Reconciliation of Improved Value Estimate

Comparable #	1	2	3	4	Subject
Location	13515 - 97th Street, Grande Prairie	11419 - 98th Avenue, Grande Prairie	40, 713068 - Range Road 65, Grande Prairie	9602 - 117th Street, Grande Prairie	9602 - 118th Street, Grande Prairie
Sale Date	March 2018	August 2018	February 2019	July 2018	---
Sale Price	$1,800,000	$4,400,000	$2,845,000	$2,245,000	---
Building Size (SQ. FT.)	6,000	29,935	11,532	10,800	10,290
Land Size (Acres)	1.50	2.48	2.97	1.62	1.53
Construction	Steel	Steel	Steel	Steel	Steel
Condition	Good	Average	Good	Average	Good
Age	8 Eff	25 Eff	8 Eff	5 Eff	New
Zoning	IG	IG	RM-1	IG	IG
Building to Land Ratio	9.18%	27.71%	8.91%	15.30%	15.44%
Sales Price per SQ. FT.	$300.00	$146.99	$246.70	$207.87	---
Adjustments					
Time	0.00%	0.00%	0.00%	0.00%	---
Adjusted Sales Price	$1,800,000	$4,400,000	$2,845,000	$2,245,000	---
Location & Land Size	$388,950	-$268,150	$102,600	-$74,250	---
Age, Quality, Utility & Condition	$662,630	$2,674,627	$1,004,111	$1,524,051	---
Building Size	$600,600	-$2,750,300	-$173,880	-$71,400	---
Total Adjustments	$1,652,180	-$343,823	$932,831	$1,378,401	---
Adjusted Price	$3,452,180	$4,056,177	$3,777,831	$3,623,401	---
The Comparables support a range of		$3,452,180	to	$4,056,177	
and a Mean of	$3,727,397		and a median of	$3,700,616	

Time:
The Comparable sales are the most recent, similar, comparable sales available and are considered representative of the current market in the Grande Prairie area; no adjustments for time were required.

Location and Land Size:
All of the Comparables were reviewed and adjusted as required based on their location considering land size and exposure to determine the relative land value of the varying locations.

Age, Quality, Utility and Condition:
Adjustments were applied to account for age based on the depreciation tables in the Marshall & Swift manual. The adjustment was applied to the indicated residual value of the improvements after subtracting the land value from the sales price. Each of the comparables was adjusted to reflect differences in quality of construction and condition.

The subject property has +/- 32% office space. The comparables range from +/- 22% to +/- 37% being developed main floor office space. Each of the comparables was adjusted to reflect office space based on the depreciated cost of office finish in the Marshall & Swift manual.

Each of the comparables was adjusted to reflect the contributory value of the varying levels of yard improvements versus the subject property. Each of the comparables was adjusted to reflect varying amounts of mezzanine space.

Zoning:
Each of the comparables was adjusted for location and land size, to adjust for zoning would likely result in double counting, no adjustment for zoning was applied.

Building Size:
After subtracting the land value, yard improvements and miscellaneous improvements from the sales prices the comparables indicated residual building values ranging from +/- $82 per Sq. Ft. to +/- $192 per Sq. Ft. The Comparables were adjusted for building size versus the subject property based on a rate of $140 per Sq. Ft.

Conclusions:
After adjustments the Comparables support a value range from $3,452,180 to $4,056,177 with an overall mean (average) of $3,727,397 and a median (midpoint) of $3,700,616.

Based on the study carried out, and after giving consideration to size, condition, location, overall utility, and current market trends, a value of *$3,715,000.00* is estimated for the appraised property.

The value of the subject property is estimated at $3,715,000.00 (rounded) via the Direct Comparison Approach.

17. Reconciliation and Final Estimate of Value

The valuation approaches utilized resulted in the following value indications for the subject property:

Value by:	COST APPROACH	\$3,754,000.00
	INCOME APPROACH	\$3,733,000.00
	DIRECT COMPARISON APPROACH	\$3,715,000.00

The COST APPROACH measures market value based on a buyer's alternative of constructing a new property with similar utility. Allowances are made for depreciation from all sources, in order to adjust the cost new as closely as possible to the current condition of the subject property in this marketplace. The Cost Approach is considered most reliable when evaluating new buildings in a stable, balanced marketplace. The Cost Approach is considered secondary to the other two approaches to value in determining the final estimate of value.

The INCOME APPROACH measures market value based on a property's income producing potential. The overall market in Grande Prairie tends to be dominated by owner users however the lease and capitalization rate comparables for the subject property are considered representative of the market and therefore the Income Approach is considered to set the upper end of the market range of value.

The DIRECT COMPARISON APPROACH measures market value by comparing the subject property to transactions of similar properties. The data analyzed is considered representative of the general market and produced supportable results. The market tends rely heavily on the Direct Comparison Approach and therefore the final estimate of value is considered to be between the Direct Comparison Approach and the Income Approach to value.

The final estimate of the current market value of the fee simple interest in the subject property is;

Three Million Seven Hundred Twenty Five Thousand (\$3,725,000.00) Dollars

(Subject to the Hypothetical Condition that the Interior Improvements were completed as per Plans and Specifications as of the Inspection Date of August 12th, 2019)

18. Certification

I certify to the best of my knowledge and belief that:

1. The statement of facts contained within this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions;
3. I have no past, present or prospective interest in the property that is the subject of this report, and no personal and/or professional interest or conflict with respect to the parties involved with this assignment;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. My engagement in and compensation is not contigent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event;
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Canadian Uniform Standards of Professional Appraisal Practice;
7. Barry Plant has not provided appraisal services on this property in the past 3 years;
8. I have the knowledge and experience to complete the assignment competently, and where applicable, this report is co-signed in compliance with CUSPAP;
9. Except as herein disclosed, no one provided significant professional assistance to the person(s) signing this report;
10. As of the date of this report the undersigned is a Designated AACI member[10] of the Appraisal Institute of Canada;
11. As of the date of this report the undersigned has fulfilled the requirements of The Appraisal Institute of Canada Mandatory Recertification Program for designated members.
12. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Canadian Uniform Standards of the Appraisal Institute of Canada;
13. The undersigned personally inspected the subject property on August 12th, 2019;
14. Based on the data, analyses and conclusions contained herein, the current market value of the subject property described is, as of August 12th, 2019, estimated at;

Three Million Seven Hundred Twenty Five Thousand ($3,725,000.00) Dollars

(Subject to the Hypothetical Condition that the Interior Improvements were completed as per Plans and Specifications as of the Inspection Date of August 12th, 2019)

MR. BARRY C. PLANT AACI, P.APP., RI (BC).

Dated & Signed August 23rd, 2019

Barry Plant is a Licensed Appraiser in Alberta
Barry Plant is re-certified with the Appraisal Institute of Canada
Barry Plant personally viewed this property

Appraisal Institute of Canada

10 My educational qualifications are summarized in Appendix A.

PLANT & ASSOCIATES APPRAISAL SERVICES INC.

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Plant & Associates Appraisal Services Inc. is a full service Real Estate Appraisal Firm offering commercial, residential, agricultural property appraisals as well as reserve fund studies and depreciation reports.

Our area of coverage includes the Peace River Region of British Columbia and Alberta. We are Associate Members of the Grande Prairie Association of Realtors, Alberta West Realtors Association, BC Northern Real Estate Board, and the Northern Lights Real Estate Board.

Plant and Associates was founded in Grande Prairie, Alberta in 2006. Our staff includes five – AACIs (Accredited Appraiser Canadian Institute), and two – DARs (Designated Appraiser Residential – CNAREA).

While we offer residential, commercial, and agricultural property appraisals, we also offer depreciation reports for strata councils in British Columbia and reserve fund studies for condominium corporations in Alberta. Two of our appraisers are Certified Reserve Planners (CRP). This designation is earned through the Real Estate Institute of Canada, is highly recognized and is considered to set a standard for persons writing reserve fund studies and depreciation reports.

Our appraisal reports are accepted by all major banks, local credit unions, major lenders, and AMCs (Appraisal Management Companies). We have also completed appraisal reports for departments of federal, provincial and municipal governments. Our reports have been accepted as evidence at Arbitration Hearings, Alberta Provincial Court and the Alberta Court of Queen's Bench.

Services Provided: Real Estate Appraisals, Depreciation Reports/Reserve Fund Studies, and Consulting.

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Grande Prairie Office

Barry C. Plant, AACI, P.App., RI(BC), CRP
bplant@telusplanet.net
Mr. Plant has twenty five years of experience as a Real Estate Appraiser. Mr. Plant is an AACI, (Accredited Appraiser Canadian Institute) and P.App. (Professional Appraiser) with the Appraisal Institute of Canada. Mr. Plant is a CRP (Certified Reserve Planner) through the Real Estate Institute of Canada. Mr. Plant is a RI(BC), Accredited Member of the Real Estate Institute of British Columbia. Services provided include fee appraisals and reserve fund planning for condominium corporations in Alberta as well as depreciation reports for strata corporations in British Columbia.

Bill Hansen, AACI, P.App, RI(BC), B.Comm.
bill.hansen@telus.net
Mr. Hansen provides appraisal services on a contract basis on behalf of William Hansen Appraisals. Bill has over 20 years of appraisal experience including valuations of Residential, Industrial, Commercial, Development, Petroleum, Hotel / Motel, Golf Courses and Multi – Family properties.

Greg Schindel B.Econ, DAR
gregschindel@telus.net
Mr. Schindel has a Bachelor in Economics and brings eighteen years of Real Estate experience. Greg has his DAR (Designated Appraiser Residential) designation with CNAREA. Greg provides appraisal services on a contract basis on behalf of 765210 Alberta Ltd. and specializes in the valuation of Acreages, Single Family Residential, Duplex, and Four Plex Residential properties as well as Industrial and Commercial properties.

Cassidy MacDonald, BBE, AACI, P.App., CRP
cmacdonald@plantapp.com

Mrs. MacDonald completed her Bachelor of Applied Business and Entrepreneurship degree at Mount Royal University. She also completed the Post-Graduate Certificate in Real Property Valuation (PGCV) program at the University of British Columbia in 2014 and has since earned her AACI (Accredited Appraiser Canadian Institute), and P.App. (Professional Appraiser) designations with the Appraisal Institute of Canada. Cassidy provides fee appraisal services for residential and commercial properties as well as reserve fund planning for condominium corporations in Alberta as well as depreciation reports for strata corporations in British Columbia. Cassidy is also a Certified Reserve Planner (CRP) through the Real Estate Institute of Canada and provides reserve fund planning for condominium corporations in Alberta as well as depreciation reports for strata corporations in British Columbia.

Lisa Bittner, B.Comm., Candidate with the Appraisal Institute of Canada
lbittner@plantapp.com

Mrs. Bittner has completed her Bachelor of Commerce through Athabasca University and is now attending the University of British Columbia working towards her CRA designation and is currently a candidate member with the Appraisal Institute of Canada. Lisa provides appraisal services on a contract basis and specializes in the valuation of Single Family Residential, Condominium and Duplex properties, as well as Acreages.

Peace River Office

Alan A. Duncan, AACI, P.App., B.Comm.
aduncan@plantapp.com

Mr. Duncan has a Bachelor of Commerce from Athabasca University with a specialization in accounting and finance. He has also completed the Post-Graduate Certificate in Real Property Valuation (PGCV) program from the University of British Columbia, as well as achieved the AACI, P.App. designation through the Appraisal Institute of Canada. A resident of the Peace region for over 30 years Mr. Duncan has completed appraisal assignments for all major Canadian banks and other financial institutions, as well as for municipalities and divisions of the British Columbia provincial government. A resident of beautiful Peace River, Alberta, Mr. Duncan specifically services the northern region of the Peace within the Province of Alberta.

Dawson Creek and Fort St. John

Phil Hunter, AACI, P. App.
philhunter@telus.net

Mr. Hunter provides appraisal services on a contract basis on behalf of Phil Hunter Real Estate Appraisals. Phil has over twenty years of appraisal experience including Commercial, Industrial, Hotel/Motel, Multi-Family Residential, Single Family Residential and Agricultural valuation, and also provides consultation services for expropriation purposes. Mr. Hunter works out of our Dawson Creek and Fort St. John offices.

Neil Anderson, BEd., PGD., MEd., DAR
neil.ander@telus.net

Mr. Anderson has over fifteen years of experience as a Real Estate Appraiser including valuations of Farms and Acreages, Residential, Duplex, and Four Plex units as well as Condominiums. Neil provides appraisal services on a contract basis on behalf of 978838 Alberta Ltd. Mr. Anderson works out of our Dawson Creek and Fort St. John offices.

Barry Plant has been a resident of the Peace River Area of British Columbia and Alberta for 25+ years. Mr. Plant has completed appraisal assignments for all major banks as well as various levels of Government in Alberta & British Columbia.

Credentials:

AACI (Accredited Appraiser Canadian Institute)
P.APP. (Professional Appraiser)
Accredited Member, Appraisal Institute of Canada

CRP (Certified Reserve Planner)
Real Estate Institute of Canada

RI(BC) Accredited Member
Qualified Appraiser
Real Estate Institute of British Columbia

- Diploma in Urban Land Economics, Appraisal option, and Diploma in Urban Land Economics, Real Estate Management option, University of British Columbia;
- Licensed Appraiser with the Real Estate Council of Alberta
- Affiliate Member of the Grande Prairie & Area Association of Realtors, Alberta West Realtors Association, Northern Lights Real Estate Board (Dawson Creek) and BC Northern Real Estate Board (Fort St. John).

General Work Experience:

- Over twenty five years of experience as a Real Estate Appraiser;
- Eight years appraisal experience with BC Assessment including 4 years as an appraisal supervisor in the Dawson Creek Office from 1997 to 2001; Contracting Fee Appraiser from August 2001 to Present;
- Accepted as an Expert Witness at the Alberta Provincial Court, Property Assessment Review Panel and the Property Assessment Appeal Board;
- Completed Fee Appraisal Assignments on; Multi-Family, Hotel/ Motels, Industrial, Development Properties, General Commercial, Special Use Commercial, Condominiums, Fast Food Restaurants, Grocery Stores, Golf Courses, Multiple Tenant Commercial Properties; Expropriations and Partial Takings;
- Mentored and co-signed for an appraisal candidate who has now completed their designation as an Accredited Appraiser Canadian Institute (AACI) with the Appraisal Institute of Canada.

Section 98 General Industrial District - IG

98.1 Purpose

To provide for industrial businesses that may carry out a portion of their operation outdoors or require large outdoor storage areas, such that no nuisance is created or apparent beyond the site. This district should generally not be located adjacent to residential districts.

98.2 Permitted Uses	98.3 Discretionary Uses
• Accessory Building or Structure • Accessory Use • Animal Service Facility, Major • Auctioneering Facility • Automotive and Equipment Repair and Sales, Major • Automotive and Equipment Repair and Sales, Minor • Broadcasting Studio • Commercial Recreation Facility, Indoor • Commercial Storage • Contractor, General • Contractor, Limited • Dry Cleaning Plant • Essential Public Service • Equipment Rental and Repair • Family/Fast Food Restaurant • Fleet Service • Gas Bar • General Industrial • Greenhouse • Industrial Business Center • Oilfield Support • Outdoor Storage Facility • Recycling Depot • Restaurant • Service Station • Shipping/Storage Container • Solar Power • Storage Yard • Taxidermy • Truck and/or Manufactured Home Sales, and/or Rental • Vehicle Wash, Major or Minor • Warehouse Distribution &/or Storage • Warehouse Sales	• Adult Entertainment Facility • Automotive and/or Recreational Vehicles Sales, Rental and Service • Bulk Chemical and/or Fuel Storage Facility • Carnival • Casino • Commercial Recreation Facility, Outdoor • Commercial School • Community Recreation Facility • Drinking Establishment, Minor • Education, Private • Late Night Club • Public Utility • Retail Store, Convenience • Small Wind Energy System • Surveillance Suite

98.4 Site Standards

In addition to the Regulations contained in Parts Seven, Eight and Nine, the following standards shall apply.

a)	Site Size:	0.24ha
b)	Site Width:	30m
c)	Front Yard:	6.1m
d)	Rear Yard:	None except 3.0m abutting a public road other than a lane
e)	Side Yard:	None except 3.0m abutting a public road other than a lane
f)	Building Height: (maximum)	25m

98.5 Additional Requirements

a. All signs proposed for a development shall comply with the requirements of Schedule B - Signs;

b. All development permit applications affected by the High Visibility Corridor Overlay shall comply with the requirements of Schedule C - High Visibility Corridor Overlay;

c. No parking, loading, storage, trash collection, outdoor service or display area shall be permitted within the required front yard setback;

d. Notwithstanding Section 98.5c, the Development Authority may allow open storage in a required front yard. However, additional screening and/or berming of any such open storage area may be required by the Development Authority;

e. In reviewing an application for a General Industrial use, the Development Authority shall ensure that the General Industrial use complies with the purpose statement of this District;

f. Where a development is adjacent to a residential district, the abutting yard shall have a minimum of a 4.6m landscaped buffer, to the satisfaction of the Development Authority and designed in accordance to Part Eight. As well, a solid screened fence of at least 1.9m in height shall be provided;

g. In addition to the required compliance with the Alberta Safety Code and Alberta Fire Code, and at the discretion of the Development Authority, any on-site manufacture, storage and handling of dangerous goods in excess of the quantities identified in Schedule E – Small Quantity Exemptions for Dangerous Goods may require a Risk Assessment Report be prepared by a qualified engineer, and such report shall be guided by the guidelines established by the Major Industrial Accidents Council of Canada (MIACC) as published in:

   i) Risk-Based Land Use Planning Guidelines;

   ii) Hazardous Substances Risk Assessment, a Mini-Guide for Municipalities and Industries; and,

   iii) MIACC Lists of Hazardous Substances.

LAND TITLE CERTIFICATE

S

LINC	SHORT LEGAL	TITLE NUMBER
0036 761 898	1523374;7;3	152 229 263 +16

LEGAL DESCRIPTION
PLAN 1523374
BLOCK 7
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.619 HECTARES (1.53 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 6;6;71;21;NE

MUNICIPALITY: CITY OF GRANDE PRAIRIE

REFERENCE NUMBER: 092 252 091

REGISTERED OWNER(S)

REGISTRATION	DATE(DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
152 229 263	29/07/2015	SUBDIVISION PLAN		

OWNERS

272649 ALBERTA LTD.
OF 2400, 10303 JASPER AVE
EDMONTON
ALBERTA T5J 3N6

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
772 041 642	10/03/1977	ZONING REGULATIONS BY - HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE DEPARTMENT OF TRANSPORT
142 079 933	18/03/2014	CAVEAT RE : UTILITY RIGHT OF WAY CAVEATOR - AQUATERA UTILITIES INC. 11101 - 104 AVE

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

152 229 263 +16

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
		GRANDE PRAIRIE ALBERTA T8V8H6
152 229 265	29/07/2015	EASEMENT AS TO PORTION OR PLAN:1523375 AS TO AREA 'B'
152 229 266	29/07/2015	UTILITY RIGHT OF WAY GRANTEE - THE CITY OF GRANDE PRAIRIE. AS TO PORTION OR PLAN:1523375 AS TO AREA 'A'
162 195 534	20/07/2016	CAVEAT RE : RESTRICTIVE COVENANT
172 253 702	28/09/2017	CAVEAT RE : RIGHT OF WAY AGREEMENT CAVEATOR - ATCO ELECTRIC LTD. ATTENTION: LAND & PROPERTIES, 10035-105 STREET EDMONTON ALBERTA T5J2V6 AGENT - PAYGE LEGACY
182 019 265	19/01/2018	CAVEAT RE : EASEMENT
182 019 266	19/01/2018	CAVEAT RE : EASEMENT
182 126 833	02/06/2018	MORTGAGE MORTGAGEE - STAHELI CONSTRUCTION CO LTD. UNIT 14, 9903-209 STREET EDMONTON ALBERTA T5T5X9 ORIGINAL PRINCIPAL AMOUNT: $4,000,000
182 126 834	02/06/2018	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - STAHELI CONSTRUCTION CO LTD. C/O BRYAN & COMPANY 2600 MANULIFE PLACE 10180-101 STREET EDMONTON ALBERTA T5J3Y2 AGENT - KENNTH B BLASIUS

TOTAL INSTRUMENTS: 010

(CONTINUED)

PAGE 3
152 229 263 +16

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN ACCURATE REPRODUCTION OF THE CERTIFICATE OF TITLE REPRESENTED HEREIN THIS 13 DAY OF AUGUST, 2019 AT 12:42 P.M.

ORDER NUMBER: 37799692

CUSTOMER FILE NUMBER:

END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

LEASE AGREEMENT

THIS AGREEMENT MADE THIS 5th DAY OF AUGUST, 2019

BETWEEN:

272649 ALBERTA LTD.
having an office at:
2400, 10303 Jasper Avenue
Edmonton, AB T5J 3N6
(hereinafter called the "Landlord")

AND:

CLARIANT (CANADA) INC.
having an office at:
#80, 5200 64th Ave SE
Calgary, AB T2C 4V3
(hereinafter called the "Tenant")

ARTICLE 1 - THE DEMISE

Witness that in consideration of the rents, covenants, conditions and agreements hereinafter reserved and contained, the Landlord does hereby demise and lease unto the Tenant a portion of the premises located at 9602 118 Street, Grande Prairie, Alberta (the "Building"), being legally described as

PLAN 1523374
BLOCK 7
LOT 3

Excepting thereout all mines and minerals (the "Lands")

more particularly described in Schedule "A" attached hereto and shown outlined in blue on the plan attached hereto and including a portion of the Building measuring approximately 6,690 square feet (5,100 square feet on the main floor and 1,590 square feet on the mezzanine) (collectively with the portion of the Lands referred to as the "Demised Premises").

ARTICLE 2 – LANDLORD'S WORK

The Landlord shall be responsible, at its sole cost and expense, to confirm, maintain, repair and replace the base building structural, roof, walls, utility services and electrical & mechanical systems and ensure that they are in good working order and shall rectify any deficiencies.

The Landlord shall demise the premises with the construction of a demising wall on the south side of the premises and shall build a second floor mezzanine measuring approximately 1,590 square feet as further described in Schedule "B" and Article.

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ARTICLE 3 - TERM

(a) To have and to hold the Demised Premises, subject to completion of the Landlord's work, for a term of five (5) years commencing on October 1, 2019 and expiring on September 30, 2024 (the "Term").

(b) Provided that if, due to the failure of the Landlord to complete construction which the Landlord is obliged to furnish in respect of the building or the Demised Premises, the Demised Premises or any part thereof are not ready for occupancy on the date of commencement of the Term, no part of the rent, or only a proportionate part thereof if the Tenant shall occupy a part of the Demised Premises, shall be payable for the period before the date when the entire Demised Premises are ready for occupancy, and the full rent shall accrue only after such last mentioned date. In such event, the five (5) year Term shall be amended accordingly, with a later commencement date and a later expiry dates but such dates not to extend beyond five (5) years.

ARTICLE 4 - RENT

(a) Payment of Rent

Yielding and paying therefore during the said Term the following rent payable at c/o Grande Prairie Place Enterprises (1996) Inc., Suite 180, 10130 99 Ave, Grande Prairie, Alberta, or at such other place as the Landlord may from time to time designate in writing, that is to say:

For the first (1st) year of the Term of this Lease, a fixed minimum rent in the sum of **ONE HUNDRED THIRTY SEVEN THOUSAND ONE HUNDRED FORTY FIVE DOLLARS ($137,145.00)** per annum, plus applicable GST, payable in equal monthly instalments of **ELEVEN THOUSAND FOUR HUNDRED TWENTY EIGHT DOLLARS AND SEVENTY FIVE CENTS ($11,428.75)** plus applicable GST, being equal to $20.50 per square foot (based upon 6,690 square feet as rentable area) each on the 1st business day of each month in advance commencing as referred to in Article 3 (a) above, without a deduction or set-off whatsoever, together with any goods and services taxes (or other tax or similar nature) eligible in relation to Rent, Prepaid Rent, Additional Rent or other costs or expenses related to this Lease.

For the second (2nd) year of the Term of this Lease, a fixed minimum rent in the sum of **ONE HUNDRED FORTY THOUSAND FOUR HUNDRED NINETY DOLLARS ($140,490.00)** per annum, plus applicable GST, payable in equal monthly instalments of **ELEVEN THOUSAND SEVEN HUNDRED SEVEN DOLLARS AND FIFTY CENTS ($11,707.50)** plus applicable GST, being equal to $21.00 per square foot (based upon 6,690 square feet as rentable area) each on the 1st business day of each month in advance commencing as referred to in Article 3 (a) above, without a deduction or set-off whatsoever, together with any goods and services taxes (or other tax or similar nature) eligible in relation to Rent, Prepaid Rent, Additional Rent or other costs or expenses related to this Lease.

For the third (3rd) year of the Term of this Lease, a fixed minimum rent in the sum of **ONE HUNDRED FORTY THREE THOUSAND EIGHT HUNDRED THIRTY FIVE DOLLARS ($143,835.00)** per annum, plus applicable GST, payable in equal monthly instalments of **ELEVEN THOUSAND NINE HUNDRED EIGHTY SIX DOLLARS AND TWENTY FIVE CENTS ($11,986.25)** plus applicable GST, being equal to $21.50 per square foot (based upon 6,690 square feet as rentable area) each on the 1st business day of each month in advance commencing as referred to in Article 3 (a) above, without a deduction or set-off whatsoever, together with any goods and services taxes (or other tax or similar nature) eligible in relation to Rent, Prepaid Rent, Additional Rent or other costs or expenses related to this Lease.

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For the fourth (4th) year of the Term of this Lease, a fixed minimum rent in the sum of **ONE HUNDRED FORTY SEVEN THOUSAND ONE HUNDRED EIGHTY DOLLARS ($147,180.00)** per annum, plus applicable GST, payable in equal monthly instalments of **TWELVE THOUSAND TWO HUNDRED SIXTY FIVE DOLLARS ($12,265.00)** plus applicable GST, being equal to $22.00 per square foot (based upon 6,690 square feet as rentable area) each on the 1st business day of each month in advance commencing as referred to in Article 3 (a) above, without a deduction or set-off whatsoever, together with any goods and services taxes (or other tax or similar nature) eligible in relation to Rent, Prepaid Rent, Additional Rent or other costs or expenses related to this Lease.

For the fifth (5th) year of the Term of this Lease, a fixed minimum rent in the sum of **ONE HUNDRED FIFTY THOUSAND FIVE HUNDRED TWENTY FIVE DOLLARS ($150,525.00)** per annum, plus applicable GST, payable in equal monthly instalments of **TWELVE THOUSAND FIVE HUNDRED FORTY THREE DOLLARS AND SEVENTY FIVE CENTS ($12,543.75)** plus applicable GST, being equal to $22.50 per square foot (based upon 6,690 square feet as rentable area) each on the 1st business day of each month in advance commencing as referred to in Article 3 (a) above, without a deduction or set-off whatsoever, together with any goods and services taxes (or other tax or similar nature) eligible in relation to Rent, Prepaid Rent, Additional Rent or other costs or expenses related to this Lease.

Notwithstanding the foregoing, the Tenant shall receive three (3) base rent free months on the commencement of the Term. During this period, the Tenant shall be still be responsible to pay any additional rent as per this Lease.

(b) Additional Rent

Whenever in this Lease any sum of money is required to be paid by the Tenant in addition to the rent herein reserved and such additional amount is not designated as "additional rent" or provision is not made in the article covering such payment for the collection of the said amount as additional rent, such amount shall nevertheless at the option of the Landlord, if not paid when due, be deemed additional rent and shall be payable with the next instalment of rent, but nothing herein contained shall be deemed to suspend or delay the payment of any sum at the time such sum becomes due and payable hereunder, or limit any other remedy of the Landlord.

(c) Security Deposit

The Tenant shall provide the Landlord with a security deposit equal to $13,170.94. The deposit shall be held by the Landlord and shall be applied against the last month's Base Rent plus GST.

(d) Payment of Additional Rent

Whenever in this Lease any sum of money is required to be paid by the Tenant to the Landlord, if such amount is not being paid directly by the Tenant, such as those amounts due in respect to Article 5(b)and (j) hereof, the Landlord may estimate from time to time, the Tenant's share of the aforementioned costs during each calendar year or portion thereof and the Tenant hereby agrees to pay the same to the Landlord in equal monthly instalments each in advance at the same time and place as the Tenant's rental payments. The Tenant's share of any lump sum payments, such as major expenditures for repairs, if the same are not being charged and paid by monthly instalments, may be invoiced and shall be

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paid as the same are incurred. Payments of estimated operating costs shall be adjusted annually at the end of each lease year and upon the Landlord giving notice thereof to the Tenant, supported by a reasonably detailed statement and calculation of the expenditures represented thereby, the Tenant shall within forty-five (45) days reimburse the Landlord any deficiency after application of the amounts paid by the Tenant; any excess of such amounts paid shall be refunded to the Tenant within forty-five (45) days.

If the period to which any of the aforementioned expenditure relates does not coincide with a lease year, such expenditure shall be apportioned and a rateable portion of such expenditure shall be attributed to the lease year.

Tenant shall have the right to audit Landlord's calculations of additional rent. Any dispute as to any of the matters referred to in this article shall be referred to arbitration of one arbitrator pursuant to the *Arbitration Act* of the Province of Alberta. If the Tenant does not dispute any notification given to it by the Landlord pursuant to this article within sixty (60) days of receipt thereof by the Tenant, the Tenant shall be conclusively deemed to have admitted the correctness of such statement.

ARTICLE 5 - TENANT'S COVENANTS

The Tenant covenants with the Landlord as follows:

(a) Rent

To pay rent when due.

(b) Taxes

In each year of the Term to pay and discharge as they become due, in proportion as the floor area within the Demised Premises is of the total rentable area contained in the building comprising the Demised Premises, all taxes, (including local improvement rates) rates, duties and assessments that may be levied, rated, charged or assessed against the building and, without limiting the generality of the foregoing, every other tax, charge, rate, assessment or payment which may become a charge or encumbrance upon or be levied or collected (upon or) in respect of the Demised Premises or any part thereof, whether charged by any municipal, parliamentary or other authority; PROVIDED that the Tenant shall have the right to contest by appropriate legal proceedings the validity of any tax rate, including local improvement rate, assessment or other charge referred to in this clause; and if the payment of any such tax, rate, local improvement rate, assessment or other charge may legally be held in abeyance without subjecting the Landlord or the Tenant to any liability for failure to pay it, the Tenant may postpone such payment until the final determination of any such proceedings, but shall prosecute such proceedings with all diligence.

(c) Public Utilities

To pay as they become due all charges for public services and utilities, including water, gas, electrical power or energy, steam or hot water used (upon or) in respect of the Demised Premises and or fittings, machines, apparatus, meters or other things leased in respect thereof, and for all work or services performed by any corporation or commission in connection with such public utilities; PROVIDED, that in the event that any such public services and utilities as aforesaid are not exclusive to the Demised Premises then the Tenant shall pay an equitable share of such public services and utilities, the equitable share of the Tenant to be in the sole and absolute discretion of the Landlord.

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(d) Repairs

That it will at all times during the Term well and sufficiently repair, maintain, amend and keep the Demised Premises and all fixtures thereto belonging, or which at any time during the said Term shall or may be erected and made by the Landlord or Tenant, in good and substantial repair when, where and so often as need shall be, excepting only the following which the Tenant shall not be responsible for: (i) reasonable wear and tear, (ii) damage by fire, lightning and tempest, (iii) damage by the Landlord, its agents or workmen, (iv) repairs to the structure, and (v) any additional perils from time to time defined and covered in the standard fire insurance extended coverage contract from time to time in force during the Term. Tenant will at the termination of the said Lease yield up the Demised Premises in like good and substantial repair, subject only to the exceptions in this Article set forth. The expression "repair" used in this Article shall include all necessary replacements and renewals. All repairs shall be of a quality equal to the original work and materials.

In addition to and without limiting the generality of the foregoing the Tenant shall keep all glass, wiring, and electrical apparatus upon the Demised Premises in good and substantial repair, and redecorate the Demised Premises as required from the standpoint of appearance.

(e) Surrender on Termination

At the expiration or sooner termination of the Term, to surrender the Demised Premises peaceably to the Landlord in good and substantial repair and condition, together with all buildings or erections which at any time during the said Term shall be made.

(f) Heat

To heat the Demised Premises to a reasonable degree at its own expense.

(g) Compliance with Regulations

That it will promptly comply with all requirements of the local Board of Health, Police and Fire Departments, and municipal authorities respecting the manner in which it uses and maintains the Demised Premises.

(h) Assignment

Not to, without leave in writing first had and obtained, assign or sublet or part with the possession of the Demised Premises, or any part thereof, such leave however shall not be unreasonably or arbitrarily withheld by the Landlord; PROVIDED however any consent by the Landlord to a subletting shall in no way discharge or release the Tenant from the full performance and observation of all of the covenants, agreements, terms, provisos and conditions herein contained on the part of the Tenant to be performed and/or observed. PROVIDED further however any such consent shall not be deemed or implied as a consent to any further or subsequent assignment or subletting or otherwise. PROVIDED further however that the Tenant may assign this Lease to any purchaser or merger partner of all or a substantial portion of the Tenant's business to which this Lease relates without Landlord's leave in writing first obtained.

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View of theSubject Property from the Southeast

View of theSubject Property from the Northeast

View of theSubject Property from the Northwest

View of theSubject Property from the Southwest

View of the Shop Area

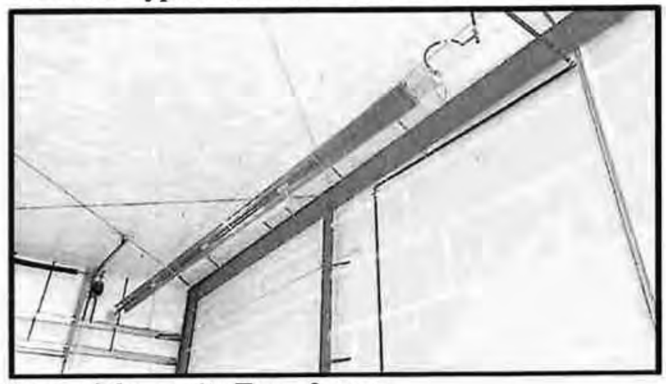
View of the Front Area

View of the Yard Area

View of the Paved Yard Access

View of Rough In Plumbing

View of a Typical Radiant Tube Heater



View of the Electrical

View of the on site Transformer

View of the Neighbourhood to the North

View of the Neighbourhood to the South